13 October 2023

HARTLAND SHIPPING SERVICES

WEEKLY COMMENTARY

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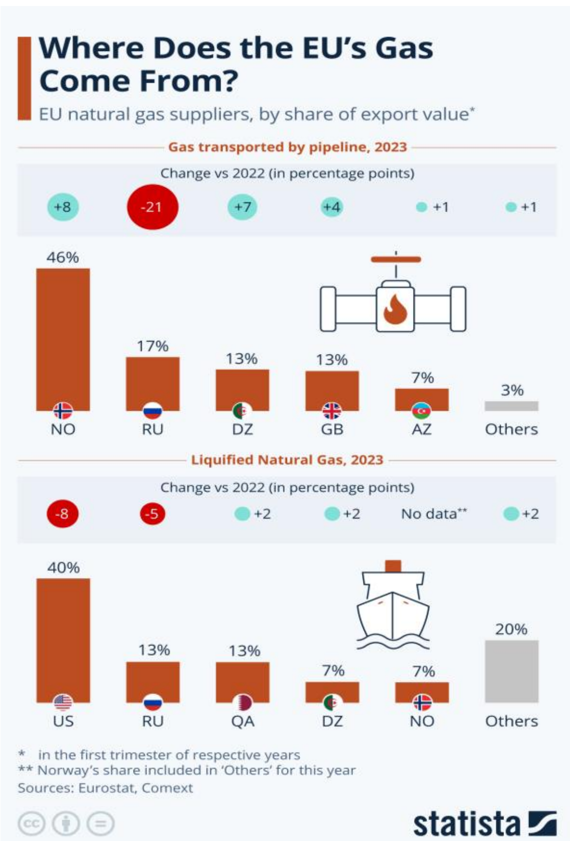


Source : Statista

^Janet Yellen, US Treasury secretary, warned Iran that nothing is off the table should it be implicated in the attacks. This may spell the end of attempts at rapprochement aimed at restarting nuclear talks.

^^As part of a prisoner swap last month, the US released $6bn in frozen Iranian oil assets, from S. Korea to an account in Qatar, in an attempt at easing tensions with Iran. US/Qatar just refroze the $6bn.

*Global oil demand is seen growing by 2.3m-bpd in 2023 (77% down to China) to 101.9m-bpd and by a further 0.9m-bpd in 2024. Demand is also rising strongly in India and Brazil.

Global oil supply will rise 1.5m-bpd in 2023 and 1.7m-bpd in 2024 driven by non-OPEC+ output. OPEC+ supply will decline in 2023 although Iran is set to be 2nd largest growth source after the US.

POINTS OF VIEW

If only we could turn the clock back a week and the subsequent attacks on Israel in the early hours of Saturday morning never happened. This event has unleashed unbelievable violence on both sides, although it is beyond dispute that the trigger lies in the hands of Hamas. The Middle East is once again a seething cauldron, and we have no idea where this is heading as emotions on all sides run high. The news rolls in thick and fast and it is relentlessly dismal. We quote Michael Bloomberg, the founder and majority owner of Bloomberg LP. "Dark days lie ahead. Hundreds of thousands of Israeli troops are preparing to cross into Gaza, facing a bloody, street-to-street fight. Their stated goal is to destroy Hamas as a fighting force. Any nations that have the best interests of either Israelis or Palestinians at heart ought to help Israel to complete that task swiftly – and to find a longer-lasting solution once the fighting has ceased." On Tuesday night in Washington, President Biden did not mince his words in unambiguously describing the attack as "terrorism" and "pure unadulterated evil". On Thursday in Tel Aviv, US secretary of State, Anthony Blinken, added in less emotive tones: "We democracies distinguish ourselves from terrorists by striving for a different standard … that's why it's so important to take every possible precaution to avoid harming civilians."

Ukraine's problems have been eclipsed by Saturday's events. Its enemy in Russia is partly supplied by Iran. Iran is suspected of providing weapons to Hamas in Gaza and to Hezbollah in Lebanon, both Iranian-backed proxies aligned with the Houthis in Yemen that in recent years have launched attacks against Saudi and UAE oil and transport infrastructure. On Thursday, Iran's foreign minister strenuously denied involvement in Saturday's attacks saying that "the act of resistance was spontaneous and entirely Palestinian."^ The world's attention, as dictated by global media outlets, has switched to latest events and has given President Putin of Russia the breathing space that he possibly needed. On Sunday, in a mystery that has gone largely unnoticed, the 48-mile-long Baltic-connector gas pipeline that links Nato allies Finland and Estonia was extensively damaged. It lies beneath the route that Russia's Baltic Fleet routinely navigates. As we head into the northern winter, this has implications for global energy prices just as, a year ago, did damage to the Nord Stream pipelines and Russia's shutdown of other gas pipeline flows to Europe. It may be an act of brinkmanship, staying just on the Article 4 side of Article 5 that would require Nato intervention: "an attack on one member is an attack on all." The obvious, but so far unproven, suspicion is that this is Russian sabotage as retribution for Finland joining Nato in April this year.

At times like these there is the usual kneejerk reaction in oil prices. Saudi Arabia and Russia had already hinted that they will roll over their output cuts beyond end 2023, and maybe well into 2024, allegedly in anticipation of a recessionary drop in demand. Or it is a ruse to push up oil prices and frustrate western attempts to curb inflation. In Q3, Brent rose 30%, peaking at $97 on 27 Sep, before plunging more than 13% over the next eight days to $84 a barrel. Brent opened this week $3-4 higher in response to Saturday's attacks and is up another $3-4 today and closing on $90 as developments in the Gaza crisis unfold. The US is now likely to reverse this year's lenient attitude to Iranian oil exports, which mostly go to China, and this could cause the oil market to tighten further. Any escalation to a regional conflict would send oil prices spiralling higher, inviting Saudi Arabia to add barrels to the market to avoid recession and demand destruction in oil consumer countries. China's brokering of a détente of sorts in March between Saudi Arabia and Iran means that back channels are open, and the US can use the Kingdom (and Qatar) to communicate its thinking.^^ The IMF is currently meeting in Marrakech and allegedly is struggling to assess the scope of economic fallout and the consequences for oil supplies arising from present elevated geopolitical risks. The IEA came out with its latest Oil Market Report on Thursday.* It stated: "A sharp escalation in geopolitical risk in the Middle East, a region accounting for more than one-third of the world's seaborne oil trade, has markets on edge. Markets will remain on tenterhooks as the crisis unfolds." The oil price is no longer determined by the fundamentals of supply and demand. Supply is being manipulated to affect prices while the final cost of a barrel of oil is in the lap of events.

Dry Cargo Chartering

The dramatic rise of the cape index last week started to ease, as rates calmed somewhat. **BCI** picked up $146 since last Friday, closing today at $27,591. Small improvement in the trans-Atlantic time charter routes while national holidays in Brazil, slowed down Operator's ability to fix. Vale took a vessel for 150,000mt from Tubarao to Misurata at $20.30, while also linked with 170,000mt 10% from Tubarao to Qingdao at $23.85. Mercuria was rumoured fixing *Beks Eagle* (176,760-dwt, 2006) at $25.00 basis C3 with 10 November cancelling. NYK fixed a TBN for 180,000mt 10% from Saldanha Bay to Rotterdam at $10.10 with TKSE. Oldendorff TBN' 180,000mt 10% from Freetown to Qingdao at $25.20 fio. Owners showing more resilience in the Pacific, the west Australia to Qingdao run fixing at $10.445. BHP fixed its 160,000mt 10% from Port Hedland to Qingdao at $10.45. Rio Tinto fixed a couple of 170,000mt 10% TBN's from Dampier to Qingdao at $10.4 and $20.50.

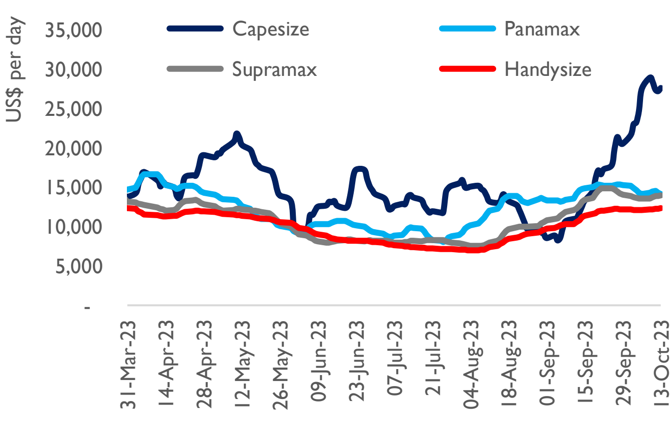
Negative sentiment again encompassed the **Panamax** market with little support seen. The Atlantic returned a largely flat and uneventful market with limited activity reported. Asia lacked any impetus too, with general market nervousness seen with little activity seen for the nearby positions. P5 TC closed at $14,104 down by $37 since last reported 14 July. In the Atlantic, *CL Qingshui He* (80,860-dwt, 2020) delivery South West Pass 25 October was reported fixed for a trip redelivery Singapore-Japan at $19,500 plus $950,000 bb to ADMI. *GCL Leader* (81,946-dwt, 2021) Ghent 13 October fixed for a trip via US East coast redelivery India at $26,500 with Norvic while *Union Mariner* (81,964-dwt, 2013) retro sailing New Mangalore 1 October fixed for a trip via East Coast South America redelivery Vietnam at $15,750 with Mercuria. In the Pacific, *Basic Victory* (82,110-dwt, 2021) Hachinoe prompt fixed for a trip via NoPac redelivery Singapore/Japan with grains at a reputed $15,500 plus $200,000 bb. *Seacon Nola* (85,611-dwt, 2023) CJK 12 October fixed to Panocean for a trip via Australia redelivery South Korea with rates of $16,500 and $17,500 heard while *Best Unity* (69,034-dwt, 1997) Kaliorang spot fixed for a trip via Indonesia redelivery South China at $11,500. On voyage, Jera fixed *Wheat Weifang* (80,860-dwt, 2020) for their 70,000/10% coal lift Newport News/Jorf Lasfar 14/20 October at $14.50.

Supramax market continued to recover slightly from last week's negative slide because of Golden week. The Atlantic seemed to firm off the back of an increase in cargo volume. The S10TC closed at $13,950 up by $392 since reported last week on the 6 October. In the Pacific, MOL fixed *Watatsumi* (63,736-dwt, 2023) delivery Qinzhou prompt dates for a trip via Bunbury to CJK at $12,000 whilst *Kennadi* (63,262-dwt, 2016) was covered delivery Gresik 14-15 October for a trip via Indonesia to South China at $22,000. Whilst in the Indian, Bainbridge fixed *GW Eleni* (63,538-dwt, 2020) delivery Port Elizabeth 17-19 October for a trip to Far East at $23,000 plus $240,000 bb whilst ST Shipping covered *Dionisis* (63,480-dwt, 2019) delivery Karaikal prompt dates for a trip via Richards Bay with coal to Pakistan-West Coast India range at $15,000. And in the Atlantic, *MH Sandefjord* (63,145-dwt, 2023) fixed delivery South West Pass 11-12 October for a trip with grains to Honduras at $16,000 and Oldendorff fixed *Agria* (56,805-dwt, 2011) delivery Port Arthur prompt dates for a trip to Spain at $14,000.

The **handy** market remained stable this week, with a slight improvement as the BHSI closed today at $12,361 up $217 since our last report. ($12,144). In the Asian market, the pace of activity remained sluggish despite the return of many from their holidays in China. In South East Asia, there was an increase in demand for larger tonnage, potentially giving rise to a two-tier market in the region. The limited activity exaggerated the imbalance between available tonnage and cargo. This situation has led to a negative sentiment as the week draws to a close. Charterers may consider adopting a "watch and wait" strategy until greater clarity emerges in the market. *Felicia K* (32,813-dwt, 2012) opening in Wakayama with spot dates was rumoured to have been fixed for a trip via Australia to Japan at $9,000. *Integrity AOI* (37,970-dwt, 2023) opening in Singapore on 15/16 October was also heard to have been fixed for a trip via Australia to Japan at a rate of around $13,000 but further details had yet to surface. From Indian Ocean, *ID Pioneer* (35,534-dwt, 2012) open in Mumbai was rumoured fixed for a trip to the US Gulf with an intended cargo of steels in the mid $8,000. Short period interest was said to be improving with *Poavosa Brave* (28,367-dwt, 2009) opening in Indonesia with prompt dates rumoured to have been fixed for 4 to 6 months at $9,800. A number fresh inquires across the Continent and Mediterranean, kept rates healthy. Ultrabulk fixed the Hamburg City (39,400-dwt, 2020) delivery Jorf Lasfar via Brake, basis redelivery US Gulf with lumber at $14,000. Intra-Mediterranean rates were being recorded in the mid-teens. Handies from the East Mediterranean fixed to the Continent at low-teens. Across the pond, *Nordic Oslo* (35,866-dwt, 2012) open Cuba fixed via Barcarena, basis redelivery Corinto with grains at $16,500 to Falcon. A large handy in the Caribbean fixed $15,500 dropping outward pilot for trip via Vila De Conde to Charleston with Coli Bulk. Further South in Brazil, a 33k-dwt fixed from Santos to East Coast Mexico fixed at $15,500 with steels to Norvic.

Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate ($)	Charterers	Comment
Leading Glory	93,729	2011	Hong Kong	19/20 Oct	Japan	$16,000	Cnr	Via Australia
Ever Grace	82,039	2015	Busan	15 Oct	Singapore-Japan	$16,000	Kline	Via NoPac
CL Qingshui He	80,860	2020	South West Pass	25 Oct	Singapore-Japan	$19,500	ADMI	-
Hua Sheng 15	75,318	2003	Ningde	12/13 Oct	China	$13,500	Cnr	Via Indonesia
Stratton	74,403	2004	Guangzhou	17/22 Oct	South China	$13,500	Cnr	Via Indonesia
Watatsumi	63,736	2023	Qinzhou	Ppt	CJK	$12,000	MOL	Via Bunbury
GW Eleni	63,538	2020	Port Elizabeth	17/19 Oct	Far East	$23,000	Bainbridge	-
Kennadi	63,262	2016	Gredik	14/15 Oct	S.China	$22,000	Cnr	Via Indonesia
Hamburg City	39,400	2020	Jorf Lasfar	Ppt	US Gulf	$14,000	Ultrabulk	Via Brake
HPC Future	32,701	2010	Fujairah	Ppt	Chittagong	$8,000	Cnr	Via Arabian Gulf



Exchange Rates	This week	Last week
1 USD	149.56	149.28 JPY
1 USD	0.9500	0.9482 EUR
Brent Oil Price	**This week**	**Last week**
US$/barrel	88.87	84.54

Bunker Prices (US$/tonne)	This week	Last week
Singapore HSFO	490.0	460.0
VLSFO	681.0	639.0
Rotterdam HSFO	541.0	512.0
VLSFO	615.0	600.0

Dry Bulk S&P

Momentum is building in the dry secondhand market. Values of modern eco tonnage are beginning to climb. Middle aged units are gaining some gravitational pull from their more modern relatives, while the older units remain in "last done" territory. Turnover remains high, particularly for older capers.

Two sales give a clear indication of how the market is accelerating. Firstly, *CP Shanghai* (63,608-dwt, 2015 Chengxi) is reported sold at $23.5m. Last month same age and similar specification units Sadlers Wells and Giants Causeway were sold for about $22m each.

Secondly in the Kamsarmax market, *Royal Fukuyama* (82,224-dwt, 2013 Tsuneishi) is sold for $22.8m. An exact sister was sold mid-August for $21.6m.

No less than four separate Chinese-built Capesize sales have been reported this week. Some fifty Capers have been sold in the last six months, with less than a handful under ten years old.

The modern Chinese built Kamsarmax *Kuno Oldendorff* (82,206-dwt, 2022 NYZJ) is reported sold for what seems like a modest $33m - but delivery is still six months hence. Likewise, the middle aged larger handy *Pacific Island* (38,218-dwt, 2012 Imabari) is sold for a slightly less than expected $16.1m, but reportedly she did not inspect well. Finally in the Handies, the Chinese built *St. Gregory* (32,688-dwt, 2010 JNS) is sold for a solid $10.5m.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
Mineral Shougang International	180,171	2009	Dalian			$23.0m	Scrubber fitted
Boston	177,827	2007	SWS		Greek	$18.2m	
Cymona Iron	176,505	2011	SWS			$26.0m	Scrubber fitted
East Trader	175,886	2009	Jinhai		Danaos	$18.0m	
Royal Fukuyama	82,224	2013	Tsuneishi		Greek	$22.8m	
Kuno Oldendorff	82,206	2022	Jiangsu New Yangzijiang			$33.0m	April delivery
CP Shanghai	63,608	2015	Chengxi	4x30t		$23.5m	
Ocean Glory	55,903	2006	Mitsui	4x30t		$11.0m	
RHL Clarita	53,828	2008	Chengxi	4x30t	Chinese	$9.5m	
Star Zeta	52,994	2003	Oshima	4x30t	Hong Kong based	$8.0m	
Pacific Island	38,218	2012	Shimanami	4x31t		$16.1m	
St Gregory	32,688	2010	JNS	4x30t		$10.5m	

Tanker Commentary

This week we saw Suezmax spot earnings sharply increase to almost $33,000 per day, piggy backing off the recent success of Aframax's trading out of the US Gulf. However, it is the Product tankers that dominate our sales table this week as earnings in the sector remain firm.

This week's biggest deal goes to Alberta Shipmanagement finding Greek buyers, Naftomar to purchase their two LR1's, *Aesop* and *Siena* (74,500-dwt, 2012 Hyundai Mipo - Epoxy - SS: 01/27 DD: 12/24) at a solid enbloc price of $84m.

However, 15-year-old Korean built MRs seem to be flavour of the week. Turkey based, Active Shipping purchased *Elafonisos Bay* (50,698-dwt, 2009 SPP) for $25.2m, whilst same aged, *UOG Helios* (46,093-dwt 2009 HMD) received similar levels at $25.5m from Greek buyers, showing prices remain firm when compared against one-year older vessel, and sister to Elafonisos Bay, *Cassiopeia II* (50,696-dwt, 2008 SPP) which was reported sold back in August this year for $23m.

Yet she was not the only SPP built vessel sold this week with the exact sister to Cassiopeia II sold to Vietnamese buyers. *Constance* (50,129-dwt, 2008 SPP) is reported this week to Petrovietnam at $22m. A slight dip against last done however not unexpectedly as her SS/DD is due in November this year. Despite being one year older, the Elizabeth M (50,359-dwt, 2007 SLS) with SS/DD passed, achieved the same price of $22m, demonstrating the importance of survey dates in a very positive market.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
Aesop Siena	74,500	2012	Hyundai Mipo	Naftomar	$84.0m	Enbloc
Elafonisos Bay	50,698	2009	SPP	Active Shipping	$25.2m	
Elizabeth M	50,359	2007	SLS		$22.0m	SS/DD passed
Constance	50,129	2008	SPP	Petrovietnam	$22.0m	SS/DD due November
GH Austen	49,998	2009	GSI		$23.0m	
UOG Helios	46,093	2009	Hyundai Mipo	Greeks	$25.5m	

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