



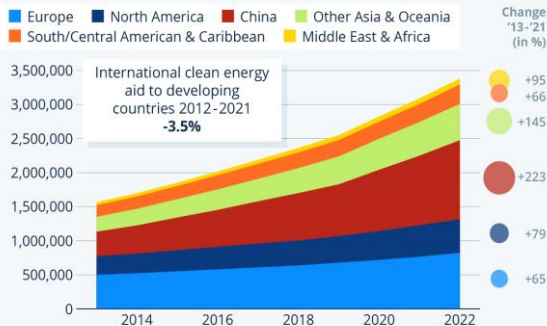
CONTENTS

2. Dry Cargo Chartering
What goes Up must come Down
3. Dry Cargo S&P
Edging Upwards
4. Tankers S&P
Products Party

... Black versus Green ...

Where Renewable Energy Is Growing (And Where It Is Stalling)

Total renewable energy capacity per region 2013-2021 (in megawatts)



Source: Irena Renewable Energy Statistics 2023

statista

Source: Statista

*Gideon Rachman wrote an Opinion article in the FT this week about "Israel and the lessons of 9/11" following Joe Biden's comments.

**Exxon and Chevron trade on P/E ratios of around 12x while BP and Shell are on at best 8x, a big gap that needs to narrow.

^Actual, rather than pledged, clean energy investment in the US in 1H23 was \$213bn, up 35% on 1H22 and up 165% on 1H18. (FT).

^^Chevron CEO, Mike Wirth, prefers "molecules over electrons" as oil demand "will continue to grow to 2030 and beyond."

+Shell/BP would be 6.4 were they to merge, but such a combination faces many obstacles, and no talks are believed to be ongoing.

++Norwegian and Italian government stakes in Equinor (67%) and Eni (30%), and Total's close relationship with the French government, would probably protect them from being someone else's lunch.

POINTS OF VIEW

The Paris-based International Energy Agency (IEA), an OECD body, this week released its flagship World Energy Outlook, its latest long-term energy markets study. Its Executive Director, Fatih Birol, highlighted the aspiration of needing to achieve net zero emissions (NZE) by 2050, limiting global warming to 1.5°C above pre-industrial levels by then. He wrote that: "The transition to clean energy is happening worldwide and it's unstoppable. It's not a question of 'if', it's just a matter of 'how soon' – and the sooner the better for all of us. Governments, companies and investors need to get behind clean energy transitions rather than hindering them." The IEA is clearly worried about slippage in ambition in the light of energy price shocks caused, in part, by well documented events in Ukraine last year and Israel this year. Both continue to play out and, in relation to the second event, there may be an eerie significance in that 2023 is the 20th anniversary of the Allied invasion of Iraq, the 50th anniversary of the 1973 Yom Kippur War and the ensuing Arab oil embargo, and the 75th anniversary of the proclamation of the State of Israel. Each of these anniversaries provides a lesson from the past for today's decision-makers, and they still resonate today.* Energy security has become a central issue after the West has suffered a Russian energy embargo, this time imposed by both sides, since early last year. This begs the question, do these elevated risks encourage the West to accelerate its transition to renewables or rather to invest more in its own independent oil and gas production? More anon.

The WEO explores three scenarios. First, the Stated Policies Scenario which is based upon current policy settings. This base case would see global oil demand fall from 102m-bpd in 2030 (also 2023's level) to 97m-bpd in 2050, representing little change. Second, the Announced Pledges Scenario gives governments the benefit of doubt in striving for more ambitious announced energy and climate targets. This would see oil demand fall to 93m-bpd by 2030 and 55m-bpd by 2050. Third, the Net Zero Emissions by 2050 Scenario, being the most ambitious target that we are currently not on path to achieve. This would see global oil demand fall to 77m-bpd by 2030 and then plunge to 24m-bpd by 2050. The IEA states that, in each scenario, we are on track to see demand for all fossil fuels peak before 2030. In terms of costs, the IEA predicts that total annual clean energy investment will reach \$2tn by 2030 under its most pessimistic base case, doubling to \$4tn to meet its most ambitious NZE goal by 2050. For other opinions to the IEA, representing consumer countries, look no further than OPEC, representing producer countries, and its latest World Oil Outlook, released on 9 October. It forecasts global oil demand of 112m-bpd by 2030 rising to 116m-bpd by 2045 in a steady upward trend from now to then. You might think, well they would say that wouldn't they.

That brings us back to the question posed at the end of the first paragraph. Some oil producers are inclined to side with OPEC over the IEA. The US giants Exxon and Chevron have been determined to press ahead with fossil fuel investments despite Biden's green initiatives. Their shareholders have been rewarded with higher valuations and better distributions.** Over the pond, BP and Shell had been chasing renewable investments that were raising costs and reducing profits. Both have rowed back on their green ambitions as they seek to emulate their American cousins. That task just became more difficult as Exxon prepares a \$60bn takeover of Pioneer and Chevron executes a \$53bn takeover of Hess. This will make them 45% and 30% partners respectively in the biggest oil find of the last decade, in Guyana, along with 25% held by CNOOC. These deals are a bet on oil's longevity and a decision by the supermajors to stick to their knitting and let others do the heavy lifting on expensive renewables.^ The IOCs also know that in times of trouble, when the concept of energy security plays uppermost on people's minds, one must protect the home front.^^ Rystad Energy's estimates of oil and gas equity output in 2023, in millions of barrels of oil equivalent daily, are as follows. Exxon: 4.2 ; Chevron: 3.9 ; Shell: 3.5 ; BP: 2.9. And in the combinations: Exxon/Pioneer: 5.1 and Chevron/Hess: 4.4. A BP/Shell merger may help them to catch up, but it would be opposed in anti-carbon Europe.+ Other European actors such as Total, Equinor and Eni could potentially drive IOC integration.++

Dry Cargo Chartering

What goes up must come down as evidenced by **Capesize** markets this trading week that saw freight prices and time charter averages collapse. The latter dived dramatically by \$11,032 to close at \$18,461. Limited trading activity in both basins these past few days resulted in market confidence depleting rapidly. Accordingly, we saw a limited number of fresh fixtures although Rio Tinto (the most active major this week) took five Aussie positions for early-mid November dates. Freight for 170,000 mtons 10% Dampier/Qingdao ranged from \$10.80 pmt to \$9.05 pmt. BHP also took two vessels including *Schinoussa* built 2014 for 160,000 mtons 10% Port Hedland/Qingdao at \$10.55 pmt on Monday, and then another TBN vessel at \$8.85 pmt later in the week. Elsewhere, TKSE fixed 180,000 mtons 10% Saldanha Bay/Rotterdam at \$8.75 pmt, and an Oldendorff TBN ship was taken by Treasure Boost Shipping for a 180,000 mtons 10% Freetown/China ore run at \$24.60 pmt, loading late November. Despite the negativity, *XH Ningbo* (210,000-dwt, 2023) was rumoured to have fixed 18/21 months period with the rate in the \$23,000's.

An overall flat return for the **Panamax** market. The Atlantic remained underwhelming with little action in the North, whilst in the South of the basin sentiment appeared to hold firm but sources felt this may be short lived. Meanwhile, Asia's activity levels remained subdued for another day, with rates slipping as a result. P5 TC closed at \$14,448 down by \$290 since last reported. In the Atlantic, *Ever Majesty* (81,936-dwt, 2021) retro sailing Singapore 17 October was rumoured fixed for a trip via East Coast South America redelivery Singapore-Japan at \$17,500. *Ismene* (77,901-dwt, 2013) in East Coast South America fixed to Tongli for a trip Far East at a rate in the region low \$17,000s. *Archon* (82,034-dwt, 2018) fixed basis delivery Itaiqui redelivery Singapore/Japan at \$18,250 plus \$900,000 bb with Hanson. In the Pacific, *ASL Uranus* (82,372-dwt, 2008) Huanghua fixed for a trip via North Pacific redelivery Singapore-Japan at \$12,000 to ADML. *Xing De Hai* (82,204-dwt 2017) CJK clean fixed for a North Pacific round trip at \$14,850 with Jera. In the South, rumours of *Lucky Alisa* (75,318-dwt, 2003) open Hong Kong fixed for a trip via Indonesia redelivery South China at \$12,000. On voyage, Welhunt fixed 'TBN' for their 70000/10% coal lift Abbot Point/Vietnam 10/20 Nov at \$15.25 pmt.

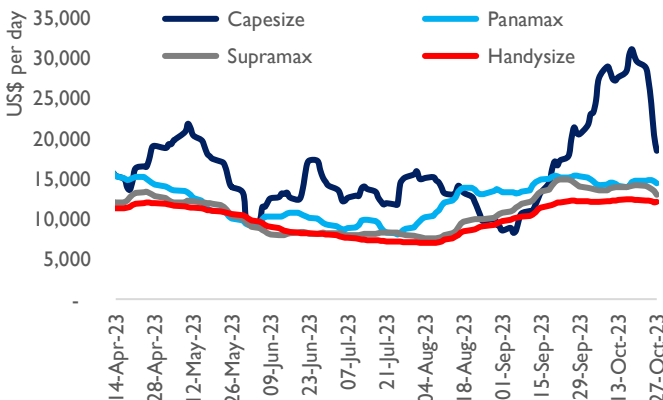
Supramax took a negative turn this week as the sentiment surrounding the larger sizes weighed on them. The S10TC closed at \$13,024 down by \$1,129 (-8.67%) since reported last week on the 20 October 2023. In the

Pacific, *CP Shanghai* (63,608-dwt, 2015) fixed delivery Samalaju 26 October for a trip via Indonesia to China at \$15,500 and Lynux covered *Gu Tai Ping An* (56,643-dwt, 2011) delivery Lianyungang 28-29 October for a trip with steels to the Arabian Gulf at \$8,000 for the first 50 days and \$11,000 thereafter. Whilst in the Indian Ocean, Joint Vision fixed *Clipper Kythria* (63,273-dwt, 2015) delivery Port Elizabeth prompt dates for a trip to China at \$20,000 plus \$200,000 bb and *Er Maiden* (56,522-dwt, 2012) was covered delivery Abu Dhabi prompt dates for a trip via Arabian Gulf with limestone to West Coast India at \$13,000. And in the Atlantic, XO Shipping fixed *Tanzanite* (56,835-dwt, 2010) delivery Canakkale prompt dates for a trip via Black Sea to Far East at \$21,5000 and Clipper covered *Wariya Naree* (53,840-dwt, 2011) delivery Gdynia prompt dates for a trip via North Continent with scrap to East Mediterranean at \$21,000.

Continued downward pressure was felt across both the Atlantic and Pacific this week in the **Handies**. BHSI38 7TC closed today at \$12,080, down \$272 from last week. Despite high levels of activity, rates on the Continent are expected to drop well into four figures in the coming weeks. Shield fixed *Mercurius* (34,537-dwt, 2010) delivery Immingham via UK for a scrap trip to Turkey at \$13,000. *Cetus* (32,449-dwt, 2010) heard fixed from Morocco to Argentina with fertilizers at \$8,000 first 45 days then \$11,000. Little reported activity this week in the Mediterranean. Uncertainty still surrounds the Black Sea, with Russian mines forcing the Ukrainian shipping corridor to be suspended. US Gulf continued to perform, *Tomini Mistral* (39,099-dwt, 2016) open Tuxpan fixed delivery Savannah for a trip redelivery UK-Continent at \$22,000. *Verity* (37,163-dwt, 2012) open Vera Cruz fixed delivery South West Pass redelivery Spain with Petcoke at \$21,000. East Coast South America was softening, but still a healthy level of inquiry to sustain rates, for now. General sentiment remains negative across the Pacific. Further softening, with a growing number of open prompt ships in North China-Japan area. Lack of cargo availability in Southeast Asia and Australia also remained and could lead to further pressure on owners. *Poavosa Wisdom III* (28,232-dwt, 2011) opening in Lianyungang was rumoured to have failed on subjects for a trip to Thailand at \$7,250. *Chang An* (31,800-dwt, 2009) was heard to have been fixed for prompt trip from Singapore to Japan via Indonesia at \$9,000. A 38,000-dwt was rumoured to have been fixed from North China to West Africa at \$8,500 but further details had yet to surface.

Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate (\$)	Charterers	Comment
Star Sirius	98,681	2011	Kinuura	Ppt	China	\$15,250	Klaveness	Via NoPac
Ocean Artemis	93,103	2011	Cigading	31 Oct	South Korea	\$18,000	Guo Yuan Hai	Via Indonesia
Yu Hong	83,221	2013	Singapore	21 Oct	Singapore-Japan	\$11,500	Oldendorff	Via EC South America
Anastasia K	78,882	2011	Singapore	22 Oct	Singapore-Japan	\$13,500	Intelligent Navigation	Via Indonesia
Perseas	75,033	2013	NC South America	6 Nov	Taiwan	\$17,250	Cnr	-
CP Shanghai	63,608	2015	Samalaju	26 Oct	China	\$15,500	Cnr	-
Clipper Kythria	63,273	2015	Port Elizabeth	Ppt	China	\$20,000	Joint Vision	-
Blue Akihabara	61,630	2014	Toyohashi	23 Oct	Singapore-Japan	\$13,000	Cnr	Via NoPac
Trammo Stanton	38,629	2015	Skaw	Ppt	EC South America	\$9,500	NMC	Via Poland
Chang An	31,800	2009	Singapore	Ppt	Japan	\$9,000	Cnr	Via Indonesia



Exchange Rates	This week	Last week
1 USD	149.60 JPY	149.92 JPY
1 USD	0.9452 EUR	0.9439 EUR
Brent Oil Price	This week	Last week
US\$/barrel	88.82	93.48

Bunker Prices (US\$/tonne)	This week	Last week
Singapore HSFO	484.0	508.0
VLSFO	678.0	694.0
Rotterdam HSFO	557.0	562.0
VLSFO	603.0	635.0

27 October 2023

Dry Bulk S&P

We have a relatively brief list of bulker sales to report this week. Three Supras are reported sold. The Crown58 design *Rotterdam Pearl* (58,020-dwt, 2010 Yangzhou Dayang) is sold for about \$13.3m. Two Mitsui56s also found new homes: *Freedom Line* (56,056-dwt, 2005 Mitsui for \$11m and *Ocean Grace* (56,029-dwt, 2005 Mitsui) for \$10.8m. Modern and middle-aged tonnage values have risen perceptively in recent weeks and while for older tonnage values remain pretty much static, interest is turning to the oldest quartile of the fleet. Buyers are becoming more confident that the music will continue playing long enough to get their fill of dances from the older ladies before the lights go up and they collect their coats.

The one eco vessel sold this week was the Japanese-controlled, scrubber-fitted, Kamsarmax *Brenda* (81,005-dwt, 2014 JMU) which attracted several bids, with Great Eastern reported as the successful buyer at \$27.4m. The Indian built Panamax *Golden Bull* (75,000-dwt, 2012 Pipavav - Ice IC) is reported sold at \$16m, suggesting that she is valued in line with Chinese built tonnage.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
Brenda	81,005	2014	JMU		Great Eastern	\$27.4m	Scrubber, Eco M/E
Golden Bull	75,000	2012	Pipavav			\$16.0m	Ice IC
Rotterdam Pearl	58,020	2010	Yangzhou Dayang	C 4x35t		\$13.30m	
Freedom Line	56,056	2005	Mitsui	C 4x30t		\$11.0m	
Ocean Grace	56,029	2005	Mitsui	C 4x30t		\$10.8m	
Oceanic Island	29,027	2010	Shikoku	C 4x31t		\$4.0m	Laid up in Ukraine



27 October 2023

Tanker Commentary

The product tanker market is alive and kicking and as a result, we have a large number of sales to report this week.

Minerva Marine take the headlines this week, purchasing a modern LR2 from Eastway Shipping. It is reported that the Greek owners have paid \$65.6m for the *Hibernian Tide* (109,896-dwt, 2019 SWS-Epoxy, Ice IA). The purchase does not come as a surprise given Minerva's recent acquisition of the *Tyrrenian Sea* (114,218-dwt, 2019 HHIC), which also has ice class notation.

Stepping down to medium range carriers, Norden have cashed out on two modern units; *James Cook/Nord Steady* (49,995-dwt, 2013 STX Changwon - Epoxy Phenolic) for around \$34.7m per vessel. It remains unclear as to who the eventual buyers were, however, Greek, Indian and Middle Eastern interests have all been linked to the deal.

It is not only the modern 'eco' units that are commanding attention this week as we note four vintage units also changing hands. Firstly, the *MR Euphrates* (49,999-dwt, 2008 GSI - Epoxy) has been sold for \$20.8m with dry dock due in December. This was followed by Adora Holdings selling their *Vanda* (48,056-dwt, 2009 Iwagi - Epoxy) to Mumbai based Seven Islands Shipping for \$23.5m and Leon Shipping committing their handy tanker *Leon Zeus* (40,416-dwt, 2008 Santierul Naval Constanta - Epoxy, Ice ID) to European buyers for \$21.5m. Finally, Trafigura have turned a small profit on their MRI, *Elvira* (37,874-dwt, 2010 Hyundai Mipo - Epoxy Phenolic). It is reported that she has been sold for \$24.75m, just over a million more than they paid for her in March this year.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
Timimus	318,518	2002	Hyundai	Chinese	\$32.0m	
Jiu Yue	305,749	2007	Daewoo		\$48.5m	
Hibernian Tide	109,896	2019	SWS	Minerva	\$65.5m	Epoxy, Ice IA
Nordic Josephine	74,045	2007	New Century		\$23.0m	On Subs
MR Euphrates	49,999	2008	GSI		\$20.8m	SS/DD Due in December
Nord Steady	49,995	2013	STX Changwon		\$34.7m	Epoxy Phenolic, ME engine
James Cook	49,995	2013	STX Changwon		\$34.7m	Epoxy Phenolic, ME engine
Vanda	48,056	2009	Iwagi	Seven Islands Shipping	\$23.5m	Epoxy
Leon Zeus	40,416	2008	Santierul Naval Constanta	European	\$21.5m	Epoxy
Elvira	37,874	2010	Hyundai Mipo		\$24.75m	Epoxy Phenolic

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

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