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... Much to be Done ...

POINTS OF VIEW

It is 21 months since Russia invaded Ukraine in its 'limited military operation'. The war drags on without resolve with winter ahead. It is undeniable that the war has dramatically changed seaborne trade flows from the Baltic, Black Sea and Eastern Pacific in commodities ranging from crude oil, oil products, coal and iron ore to grains, oilseeds, fertilisers and metals. Such is the importance of both Russia and Ukraine to such a diverse range of cargoes. The upshot has been a typical increase in ton-miles as fungibility kicks in and one trade is replaced by another, usually a longer one. El Niño, and climate change in general, is chipping in with droughts, floods, fires and storms as we face unusually high levels of disruption. Most coverage of this has focused upon low water levels in the Panama Canal,* undoubtedly a major driver of surging bulk carrier rates. However, these water shortages have also been evident in recent times in the Mississippi, the Parana and in the inland waterways of northern Europe. We are frequently getting too little water in these vital arterial waterways, leading to lower loads and dead-freight. The Panama Canal situation, which is unlikely to improve any time soon, is forcing more ships to use the Suez Canal, although that may lead to longer queues there, as well as having to face new emerging war risks. The alternatives are even longer routes via the Straits of Magellan/Cape Horn and the Cape of Good Hope. The disruption extends beyond shipping, as droughts impede crop planting and reduce yields, while torrential rains decimate harvests. Mining, rail and port operations in regions such as Brazil and Western Australia are routinely subject to the whims of nature, contending with biblical rains and cyclones. Predictable but unquantifiable.

Now we face another source of dread: the actual and potential actions of Houthi rebels in Yemen, Somali pirates and the Islamic Revolutionary Guard Corps. These entities pose a threat to all ships and crews in the Middle East region. Between them, these militants can render the Strait of Hormuz and the Bab-al-Mandeb strait, gateways to the Arabian Gulf and the Red Sea, impassable. The pattern so far has been to target ultimate ownership, not the flag state or the domicile of the ship owning company, regardless of whether owner-operated or on time charter to third-party operators. Ships carrying anything from oil, chemicals and dry bulk to cars, containers and gas may have to take much longer routes between east and west which risks putting them at loggerheads with their charterers, shippers and receivers. Longer passages will cause extra time and costs and delay the arrival of, and possibly the payment for, the goods. A time charterer might decide to avoid delays and auctions at Panama and opt instead to take one of the longer routes as outlined above. That is a purely commercial decision, but clearly not one without contractual and operational implications for both owner and charterer.** Ships, unlike planes, cannot fly over problems. They must sail through or around them.

Given the large size of the shipping fleets of recently targeted prominent owners – controlling everything from oil tankers, product tankers, chemical tankers, bulk carriers, containerships, gas carriers, vehicle carriers and cruise ships – this could be highly disruptive to world shipping, especially in the context of low water levels in our key waterways. At the margin, it could echo the pandemic-related mayhem that was inflicted on global supply chains in 2020-22.^ But, instead of port delays, this may manifest itself more in increased ton-miles from impairment to passage along equatorial routes via the Panama and Suez canals. Recent, well-documented terrorist attacks in the Red Sea have been described by Bloomberg as a “significant escalation of tensions”. President Biden had thought that his unconditional support of Israel against Hamas was a vote winner. Now he is wavering as a poll suggests that 68% of Americans want a permanent ceasefire in Gaza.^ That could prevent Netanyahu from honouring his promise to eradicate Hamas.+ This objective itself might only harden attitudes among other countries in the region and raise the possibility that Hezbollah, the Houthis and related militias will expand the war to multiple fronts, as well as targeting shipping in the Arabian and Red Seas. Owners in the cross-hairs, and operators of their ships, may choose to avoid the RS/AG to protect crews, assets and cargoes. Shipping and trade are interlinked, global and physical. No WFH or e-trades. In this real world, such risks require mitigation.

Which Countries Act to Protect the Climate?

Countries ranked by their climate protection performance according to the Climate Change Performance Index 2023



* no country received this classification
59 countries evaluated on status, trend and target of per-capita greenhouse gas emissions, renewable energy and energy consumption as well as climate change policy
Sources: Germanwatch, NewClimate Institute, Climate Action Network

statista

Source : Statista

*Recorded precipitation for October has been the lowest on record since 1950 (41% below). 2023 is the 2nd driest year over this period.

**It may be resolved by WR insurance (Conwartime), some other insurance, or a negotiation between the parties on cost sharing.

^It is more likely to be a prolonged “Ever Given”, (or was it ‘ever giving?’), the ship that blocked Suez for six days, causing global chaos.

^^A Reuters/Ipsos poll taken on 15 November. Biden is said to be recalculating his stance as he risks losing rather than gaining votes.

+Early this morning, Hamas broke the week-long ceasefire, leading the IDF to resume its military operations in Gaza.

Dry Cargo Chartering

Capesize markets rocketed upwards in a week of unbelievable gains that saw the BC5TC reach its highest point in over 2 years. Baltic time charter averages increased massively to \$51,727 a huge rise of \$23,656 (last Friday was \$28,071). The surge in positive sentiment seemed to be driven mainly from the Atlantic with rumours of Vale fixing well over \$30.00 pmt for Tubarao-Qingdao iron ore runs, and a Newcastlemax fixing over \$100,000 per day TCE for St Lawrence to China. Other fixtures included charterers EZDK taking *Bulk Tirreno* (181,366-dwt, 2013) for 160,000 mtons 10% Tubarao to El Dekhelia or Sokhna at almost \$19.00 pmt for mid-December dates. On the time charter side of things, scrubber fitted *CS Nan Jin* (179,669-dwt, 2021) open Gijon covered a NSC tender for a Pointe Noire trip to Japan at a huge \$70,000. Out in the Pacific, Rio Tinto were busy as usual covering Dampier-China positions for 170,000 mtons 10% with a sizeable variation in freight prices that ranged from \$11.00 pmt to almost \$12.00 pmt. On the coal front, Welhunt fixed a TBN position for 130,000 mtons 10% Newcastle to Yantai 7/12 December at \$17.75 pmt.

The **Panamax** market returned a week of cautious reflection as limited activity came into play. In the North Atlantic, weather delays and a glut of shorter front hauls added support, although the gains were less obvious than previous days. Asia largely remained firm, with solid rates still being achieved ex North Pacific and to Australia but with tonnage count increasing, a cautious stand-off played out with limited fixing activity of note. P5 TC closed at \$21,067 down by \$2,490 since last reported. In the Atlantic, *Crimson Kingdom* (84,860-dwt, 2016) Port Talbot fixed for a trip via US Gulf & Mediterranean with coal redelivery Gibraltar at \$28,250. *Golden Furious* (80,595-dwt, 2021) open Rotterdam heard fixed for a trip via US East Coast redelivery Japan at \$33,000 with MOL while *Karpaty* (82,138-dwt, 2013) Gibraltar prompt fixed for a trip via North Coast South America redelivery Skaw-Passero at rates of \$25,750 and \$26,000 to Bunge. In the Pacific, *Shao Shan 8* (75,365-dwt, 2014) open Hong Kong fixed for a trip via east coast Australia redelivery South Korea at \$16,000, whilst *Presinge Trader* (81,115-dwt, 2016) retro sailing from Donguan fixed for a trip via Australia redelivery China at \$16,500 with Richland. *Da Tang 711* (75,535-dwt, 2012) open Hong Kong fixed for a trip via Indonesia redelivery South China at \$14,750. On voyage, Welhunt fixed 'TBN' for their 130,000 mtons 10% coal lift Newcastle/Yantai 7/12 December at \$17.50.

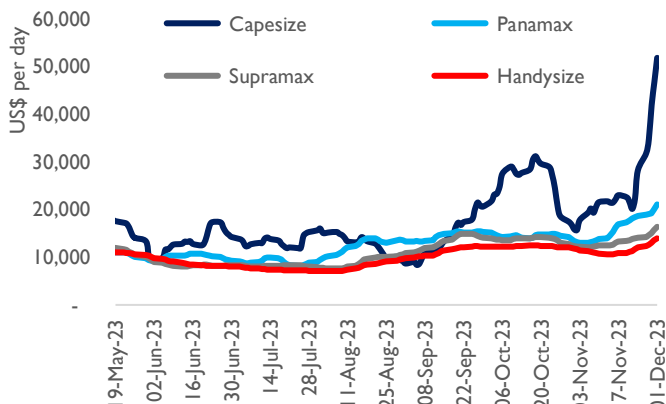
Supramax market carried on with strength this week as it followed the global positive sentiment. The delays in the Panama Canal has caused an extreme imbalance in the North Atlantic and we're seeing a firm push through all oceans. The S10TC closed at \$16,378 up by \$2,311 since reported last week on 24

November 2023. In the Pacific, *Weco Holli* (61,275-dwt, 2022) fixed delivery Kohnsichang for a trip via Thailand with dolomite to East Coast India at \$17,200 and *Aris* covered *Sea Star* (56,591-dwt, 2014) delivery Dongfang for a trip via Indonesia to South China at \$10,800. Whilst in the Indian Ocean, *Apex* (63,403-dwt, 2017) fixed delivery New Mangalore for a trip via South Africa to the Far East at \$16,000. Ultrabulk took *Pacific Constant* (61,450-dwt, 2016) delivery Bangladesh prompt dates for a trip via East Coast India to China at \$15,000 and *Falmouth Bay* (58,616-dwt, 2014) was covered delivery Mina Saqr prompt dates for a trip with clinker to Bangladesh at \$15,000. And in the Atlantic Ocean, Ultrabulk fixed *Aikaterini* (63,514-dwt, 2014) delivery US Gulf prompt dates for a trip with wood pellets to the Continent at \$39,000 and Norvic covered *Yasa Pembe* (55,912-dwt, 2007) delivery Greenore for a trip via Baltic to the East Mediterranean at \$25,000.

Another fast paced and active week in the **Handsize** market. Positive sentiment driving the period market across the Atlantic, coupled with a shortage of tonnage across major Atlantic markets, has culminated in some huge rates. Continent was very active, *Yasa Mimosa 4* (0,200-dwt, 2022) open Rostock was heard fixing at \$23,000 for min 100 to max 130 days, 1st leg trip to Nigeria with Canfornav. Shield fixed a scrap run to Turkey at \$15,000 with *Vera* (32,744-dwt, 2002), we expect to see a sharp pick up in rates for similar trips next week. A 36kd-wt was heard to have fixed for a trip delivery Baltic via Hamburg redelivery Portugal with grains at around \$18,000-\$19,000 levels. The Mediterranean was quiet in comparison with little reported activity. Tight supply of fresh tonnage remained in the US Gulf with stronger numbers being reported. *Mykonos Dawn* (37,880-dwt, 2017) open Mississippi River was linked to XO Shipping covering a vessel for a trip to Morocco at \$27,000, while *Western Moscow* (39,492-dwt, 2019) open Houston fixed to the Continent at \$25,000. In the South Atlantic, limited supply of fresh tonnage with better levels of enquiry allowed for rates to rise quickly, with Owners quotes jumping into the 30's now for Trans-Atlantic trips towards the end of the week. In the Pacific, sentiment in the East picked up this week, although the rates are still lagging that of the Atlantic. Levels of enquiry picked up, while Owners remains quietly optimistic. In China, a 34k-dwt open North China fixed at \$9,000 for a north Pacific round trip. Panoean fixed two 39k-dwt vessels to back haul to the Continent at \$8,500 p/day for 60 days, \$12,000 thereafter. Centurion fixed their *Amilyn* (34,443-dwt, 2015) at \$15,000 for Australia to Pacific Gulf trip with Alumina to MUR.

Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate (\$)	Charterers	Comment
Uno	93,271	2009	Fuzhou	26/29 Nov	South China	\$13,250	Cnr	Via East Coast Australia
Great Beryl	82,000	2023	CJK	28 Nov	SE Asia	\$17,500	IMC	Via Australia
Rosco Ginkgo	76,620	2005	Zhoushan	28 Nov	South China	\$13,250	Cnr	Via Australia
Xin Wu Zhou I	75,668	2001	Qinzhou	29 Nov	South China	\$12,500	Cnr	Via Indonesia
Aikaterini	63,514	2014	US Gulf	Ppt	Continent	\$39,000	Ultrabulk	-
Josco Taicang	58,675	2012	Samalaju	Ppt	China	\$13,000	Tongli	Via Indonesia
Sea Star	56,591	2014	Dongfang	5/10 Dec	South China	\$10,800	Aris	Via Indonesia
Yasa Pembe	55,912	2007	Greenore	1/5 Dec	East Mediterranean	\$25,000	Norvic	Via Baltic
Vera	32,744	2002	Waterford	Early Dec	Turkey	\$15,000	Shield	-
Devbulk Deniz	29,451	2009	Tampa	Spot	Continent-Mediterranean	\$17,250	Cnr	-



Exchange Rates	This week	Last week
1 USD	147.38 JPY	149.52 JPY
1 USD	0.9216 EUR	0.9143 EUR
Brent Oil Price	This week	Last week
US\$/barrel	80.79	80.32

Bunker Prices (US\$/tonne)	This week	Last week
Singapore HSFO	480.0	476.0
VLSFO	662.0	714.0
Rotterdam HSFO	487.0	487.0
VLSFO	575.0	575.0

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Dry Bulk S&P

The freight market continues to push ahead, particularly Capes - since the end of last week the BCI has risen from \$28,071 pd to \$51,727 pd. And it is not just the Cape rates that are up, with gains across the board. This positivity is encouraging buyers to step forward - all the more so with prices largely still in line with last done. The desire to move quickly pre-Christmas holiday season has been maintained.

There are no reported sales for Capesize this week. However, *Herun China* (181,056-dwt, 2017 SWS), is rumoured to be in firm negotiations in the region of \$43.3m. Which if concluded at these levels, will be broadly in line with Genco's recent purchase of the 1-year older sisterships *Comanche* and *Chow* when taking into account that they were scrubber fitted.

Pyxis Tankers are said to be the buyer behind the 2015 built *Pedhoulas Cherry* (82,012-dwt, 2015 Jiangsu Newyangzijiang) for \$26.6m. She is scrubber fitted with delivery scheduled to take place after the Christmas holidays in January or February next year.

Meanwhile, Greek buyers are reported to have paid \$15.5m for *Cymona Galaxy* (81,383-dwt, 2009 Universal). The 1-year older *Ultra Panther* (83,610-dwt, 2008 Sanoyas) with surveys freshly passed was sold 2 weeks ago for \$16.3m.

PCL have sold their *Atlantic Altamira* (43,368-dwt, 2017 Qingshan) to Korean buyers for a reported \$23m, which we understand is broadly the level that she was originally contracted for some 6 years ago.

Values of 10-year-old Handies are holding firm, as illustrated in the only Handysize deal of the week, the 2011 Korean built *Vully* (35,697-dwt, 2011 Shinan Heavy Ind) reported sold to Far Eastern based buyers for around \$13m. This follows the sale last week of the year younger SPP designed *Navios Lyra* (34,707-dwt 2012 SPP) for \$13.75m.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
<i>Pedhoulas Cherry</i>	82,012	2015	Jiangsu Newyangzijiang		Pyxis Tankers	\$26.6m	Scrubber Fitted. Delivery Jan/Feb
<i>Cymona Galaxy</i>	81,383	2009	Universal		Greek	\$15.5m	
<i>Kai Oldendorff</i>	81,243	2019	Hantong			\$30.1m	Scrubber Fitted
<i>Atlantic Altamira</i>	43,368	2017	Qingshan	C 4x30t	S. Korean	\$23.0m	
<i>Vully</i>	35,697	2011	Shinan Heavy Ind.	C 4x30t	Far Eastern	\$13.0m	



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Tanker Commentary

As OPEC+ has agreed this week to deepen its cuts of 1.3mbpd up to potentially 2mbpd effective over Q1 2024. Therefore, we might expect to see tanker values soften across the board, although yet to be seen. In the crude sector, Chinese controlled *Jessica D* (300,976-dwt, 2004 IHI) is reported to have sold for \$32.5m, slight softening in values when compared to *C. Vision* (314,000-dwt, 2004 Samsung) which sold earlier in the month for \$34.5m.

In the product sector, *Vasso* (46,159-dwt, 2006 STX) is reported to have sold to Indian buyers for \$19.25m.

Elsewhere, EPS are reported to have sold their scrubber fitted Suezmax, *Nobleway* (164,028-dwt, 2010 Bohai) for \$47.0m. This represents a firm price when compared to Target Marine's sale of their *Rio Arauca* (158,672-dwt, 2011 Samsung) for \$47m back in July.

Values in the older Aframax market are seeing a slight softening. Stalwart Management have committed their *S-Treasure* (106,061-dwt, 2005 Hyundai Samho) for \$32.0m with dry docking imminently due. The last comparable sale was *Aegean Myth* (115,838-dwt, 2006 Samsung) which was reported sold last week for \$37.5m. We would expect to see some discount for a smaller dwt vessel with docking due, but not in excess of \$4m.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
Jessica D	300,976	2004	IHI		\$32.5m	
Nobleway	164,028	2010	Bohai		\$47.0m	Scrubber Fitted
S-Treasure	106,061	2005	Hyundai Samho		\$32.0m	
Vasso	46,159	2006	STX	Indian	\$19.25m	

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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