15 December 2023

HARTLAND
SHIPPING SERVICES

WEEKLY COMMENTARY

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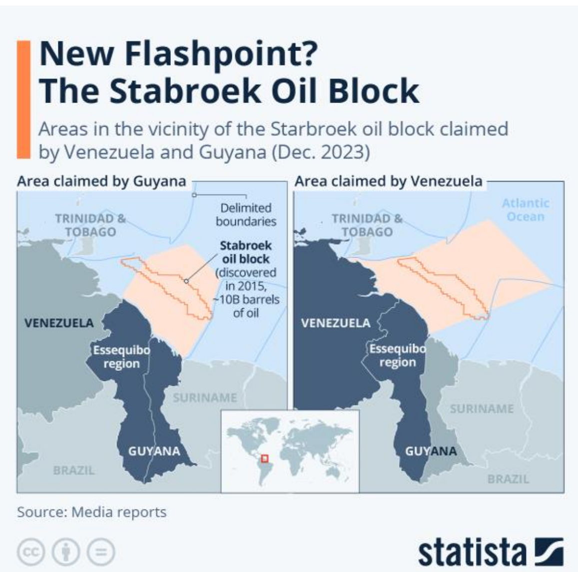
… Oil : is it still worth fighting for ? …



[Source : Statista](#)

*Current global policies result in 2.7˚C above pre-industrial levels, with the most optimistic case at 1.8˚C. (Climate Action Tracker).

**As summarised by FT articles on Mon 11 and Tue 12 December. This draft was then reworked after Cop28 went into extra time.

^$400mn was committed on day one to a long-debated climate loss and damage fund, finally getting it up and running.

The UAE committed $30bn to a separate climate finance fund that aims to raise $250bn in green investments by 2030.

Tens of billions of dollars are being pledged. These pledges need to be paid in, then billions converted to trillions. The costs are huge.

^^Global oil demand forecasts for 2023 & 2024 in m-bpd. IEA: 2.3 and 1.1 – Opec: 2.5 and 2.2, representing a divergence of opinion.

POINTS OF VIEW

Cop28 in Dubai was turning into what resembled a cop-out as the draft wording of the final communique was watered down after Saudi-led Opec called on its members to stand firm in their support of fossil fuels. One may recall, at the end of Cop26 in Glasgow in November 2021, wording in the final press release was amended to 'phasing down' rather than 'phasing out' coal use. This was done in the final throes of that meeting after late intervention by China and India. 2023 has been the hottest year on record and all around the world we have seen evidence of climate change in the form of fire, flood, storm and drought. One would have thought that such devastating events would harden attitudes against carbon but, as is so often the case with multi-member UN bodies, with each country having its own unique political agenda, differences of opinion among 198 parties make consensus difficult and backsliding inevitable. Fossil fuel producers want phasing down, not phasing out, and Monday's draft text left much to interpretation in calling for countries to reduce "consumption and production of fossil fuels in a just, orderly and equitable manner". Thus, the 28^{th} Conference of the Parties to the UN Framework Convention on Climate Change was not making much progress towards the target of the 2015 Paris Agreement: to limit global warming to 1.5˚C above pre-industrial levels and to attain net zero emissions by 2050 at the latest.* Most commitments made by parties to Cop28 must be self-policed, rather than being legally binding, not ideal given the large gap between talk and action.

Monday's work-in-progress draft agreement outlined eight objectives** although pathways and financing are omitted. 1) Triple renewable energy capacity globally and double the global average annual rate of energy efficiency improvements by 2030. 2) Rapid phasedown of unabated coal and limits on permitting new and unabated coal power generation. 3) Accelerated efforts globally towards net zero emissions energy systems, using zero and low carbon fuels well before or by around mid-century. 4) Accelerating zero and low emissions technologies including renewables, nuclear, abatement and removal technologies, such as carbon capture and utilisation and storage, and low carbon hydrogen production to enhance efforts in substitution of unabated fossil fuels. 5) Reducing both consumption and production of fossil fuels in a just, orderly and equitable manner so as to achieve net zero by, before, or around 2050 in keeping with the science. 6) Accelerating and substantially reducing non-CO^2 emissions including, in particular, methane emissions globally by 2030. 7) Accelerating emissions reductions from road transport through a range of pathways, including development of infrastructure and rapid deployment of zero and low-emission vehicles. 8) Phaseout of inefficient fossil fuel subsidies that encourage wasteful consumption and do not address energy poverty or just transitions, as soon as possible. Very little in these objectives is binding in either execution or timing. They are just suggestions.

So much for all that. After an all-nighter on Tuesday, as the conference went into extra time, delegates finally released an updated text, dubbed the UAE Consensus. The vulnerable small island states were still discussing the previous draft when the new one was passed. Phase out and phase down remained on the bench and were substituted with agreement on a global transition away from fossil fuels. However, it is the first time in a Cop that "fossil fuels" have been explicitly mentioned. The agreement was met with cheers and a standing ovation, and no-one punched the referee, Cop28 President Sultan Al Jaber. After all the back-slapping, the outcome remains a fudge to many observers as too high a degree of discretion is permitted. As Sultan Al Jaber said: "An agreement is only as good as its implementation. We are what we do, not what we say. We must take the steps necessary to turn this agreement into tangible actions."^ Owners of tankers and gas carriers have little to fear as time is on their side. The current tanker orderbook stands at 45mt-dwt, less than 7% of the fleet, up from 4% earlier this year, but still at historically low levels. The peak was in Sep-2008 with 188mt-dwt on order, over 48% of the fleet. A modern eco scrubber-fitted VLCC has averaged $57,000 daily this year to date, Suezmax $60,000pd, Aframax $62,000pd and MR $31,000pd. We are entering a low tonnage supply period with oil demand growth still very much in prospect.^^

Dry Cargo Chartering

Capesize markets once again displayed their volatility as timecharter averages started off strongly gathering momentum, peaking mid-week, before settling and dipping on Friday. Despite a fall of $1,213 from 8th December, the BC5TC remains leagues above smaller counterparts at a strong average of $34,107. As usual, we saw a good amount of Aussie-China iron ore deals emerging. Rio Tinto chartered seven positions to cover 170,000 mtons 10% Dampier-Qingdao with laycans just before the end of the year. Freight ranged wildly from $12.50 pmt to $14.55 pmt. BHP also fixed three ships for 160,000 mtons 10% Port Hedland-China, *Shandong De Guang* built 2020 and *Great Song* built 2011 among them, with freight from $13.00 pmt to $14.25 pmt. Elsewhere, we also saw big variations in freight prices for RSA-China with reported fixtures starting at $18.48 pmt to $21.75 pmt. From the South Atlantic, *Achievement* was chartered by Trafigura for Sudeste-Qingdao at $24.00 pmt for mid-January dates, and a Vitol TBN was fixed by ST Shipping for Tubarao-China at $26.00 pmt for early January. This week also saw Vale fix a TBN vessel for 170,000 mtons 10% from their Teluk Rubiah terminal to China at $12.45 pmt for loading 21/23rd December.

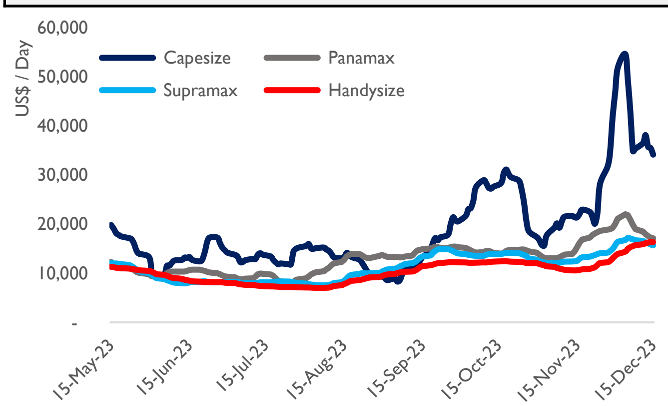
Panamax markets appeared muted with a slow opening in Asia failing to rally any hopes lingering in some quarters of a revival, with tonnage counts growing and a distinct lack of fresh demand seen so far from NoPac and Australia. The North Atlantic seemed poised to yield further losses for owners with talk of some voyage bids equating to below last done timecharter equivalents, but these had yet to be fully tested so the jury remains out for now. P5TC closed at $17,096, down $1,836 this week. *Sea Marathon* (81,945-dwt, 2015) eta East Coast South America 30th December was heard fixed for a trip redelivery Singapore/Japan, *Donghae Star* (82,861-dwt, 2012) eta East Coast South America 30th December was linked to Langlois for a trip redelivery South East Asia. *Black Pearl* (78,890-dwt, 2012) eta East Coast South America 27/28th December was rumoured to have fixed for a trans-Atlantic trip via South America with Cofco. In the Pacific, *Coral Jasper* (78,087-dwt, 2012) open Tokaichi 15/16th December fixed for a NoPac round trip with grains. *Agri Kinsale* (77,171-dwt, 2009) open Ningbo 9th December was allegedly fixed for a trip via Indonesia redelivery South China at a rate of ~$12,500. *Tiger Lily* (81,866-dwt, 2016) open Huanghua 16/17th December was fixed for trips via Australia redelivery India.

The **BSI** closed at $15,686, down $1,045 this week. In the Atlantic, a softening of sentiment continued, little fresh enquiry was seen in the US Gulf or Cont-Mediterranean. Fednav took *Letizia Oetker* (61,288-dwt, 2015) fixed via Heroya for a trip redelivery China at $37,000. The South Atlantic was finely balanced, waiting for fresh enquiry before Christmas. Earlier this week *Berge Nishikawa* (63,500-dwt, 2020) open Douala fixed for a trip via San Pedro redelivery China with intention nickel ore at $32,000. *CMB Van Dijck* (63,667-dwt, 2020) fixed delivery Capuaba with slag for a trip to Fos at $33,000 with Sealift. From South Africa, *Ausone* (56,812-dwt, 2012) fixed delivery Port Elizabeth + Coega for a trip redelivery Xingang at $20,000 plus $200k bb with Naveg. From the Indian Ocean, *CP Shenzhen* (63,540-dwt, 2017) open Ennore reportedly fixed and failed for a trip via East Coast India redelivery China at $20,000. In Asia, it was a quiet week with little fresh enquiry, but an encouraging amount of period activity. *Captain Andreadis* (58,760-dwt, 2008) fixed delivery Hong Kong to West Coast India - Arabian Gulf at $8,000. Gemini (55,781-dwt, 2006) open Pyeongtaek was heard fixed for a trip via North Pacific redelivery Taiwan at $9,000, while *Star Aquarius* (60,916-dwt, 2015) was covered basis delivery Singapore trip via Sumatra redelivery West Coast India at $14,000. *Atlantic Prestige* (63,633-dwt, 2019) open Dongjiakou fixed about 4-6 months trading at $15,000 and *Ocean Glsr* (56,108-dwt, 2014) open Rizhao for 5-7 months redelivery worldwide at $11,500 to Falcon.

The upward trajectory continued as the **BHSI** closed this week at $16,340 up $640 since last Friday. In the Atlantic, tonnage availability remained limited on the Continent with levels continuing to improve for owners. However, some suggested the tonnage to enquiry ratio is becoming more balanced, which could result in a change of fortune for owners next week. On the Continent earlier in the week, *De Sheng Hai* (38,821-dwt, 2017) open Rotterdam 14th December was heard to have fixed East Mediterranean with scrap at $27,000, perhaps the peak of this end of year spike. There were rumours that SIMS fixed a similar scrap run at $16,000 today. There were reports of decreased activity in the US Gulf as operations scaled back before the holidays. *Drawno* (39,092-dwt, 2018) fixed from Panama City to the UK-Continent with an intended cargo of wood pellets at $30,000. *Suzanna D* (37,205-dwt, 2017) opening in Praia Mole 11/12th December fixed basis delivery Recalada for a trip to West Coast South America at $45,000 to a grain house. Cargill fixed a 37k-dwt from South Brazil to the Continent at $25,000. Asia was said to be more balanced overall and saw levels remain steady. In the North, tonnage availability was slightly tighter as more vessels were attracted to the US West Coast where there is limited availability, partially linked to the current issues at the Panama Canal. In South East Asia, some spoke of a more balanced situation with increased visibility of fresh cargo. A 29k-dwt open South East Asia was heard to have fixed close to $9,000 for short period. Another 33k-dwt open South East Asia also heard to have fixed a trip at the $9,000 level. A 28k-dwt open India was heard fixed a trip to China at around $8,000.

Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate ($)	Charterers	Comment
Star Laura	82,209	2006	PMO	8 Dec	Singapore-Japan	$17,000	Viterra	Via EC South America
Panther Max	81,283	2012	Gibraltar	13 Dec	Skaw-Gibraltar	$21,000	Bunge	Via US Gulf
Agri Kinsale	77,171	2009	Ningbo	9 Dec	South China	$12,500	Cnr	Via Indonesia
Malakand	76,830	2004	Nansha	13/15 Dec	South China	$12,900	Cnr	Via Indonesia
Johnny P	74,540	2001	Kakinada	10 Dec	SE Asia	$13,000	Cnr	Via EC South America
Great Progress	63,301	2015	Richards Bay	14/19 Dec	India-Bangladesh	$23,000	Victory Shipping	-
Letizia Oetker	61,288	2015	Hamburg	15/18 Dec	China	$37,000	Fednav	Via Heroya
Ausone	56,812	2012	Port Elizabeth + Coega	Ppt	Xingang	$20,000	Naveg	-
De Sheng Hai	38,821	2017	Rotterdam	Ppt	East Mediterranean	$27,000	EMR	-
Suzanna D	37,205	2012	Recalada	Ppt	WC South America	$45,000	Cnr	-



Exchange Rates		This week	Last week
	1 USD	141.69 JPY	144.49 JPY
	1 USD	0.9161 EUR	0.9306 EUR

Brent Oil Price	This week	Last week
US$/barrel	76.39	75.57

Bunker Prices (US$/tonne)	This week	Last week
Singapore HSFO	460.0	441.0
VLSFO	600.0	603.0
Rotterdam HSFO	447.0	436.0
VLSFO	550.0	540.0

Dry Bulk S&P

Despite the approaching holidays, the market remains active, with Greek buyers prominent across all sectors.

Starting with the post-Panamaxes, the Nissen controlled *Double Miracle* (95,444-dwt, 2014 Imabari - scrubber fitted) has been sold to Greek buyers for $24m. After a vigorous market last year, post-Panamax values have returned to their usual position at a discount to the Kamsarmax market.

For the Kamsarmaxes, W Marine are reported as the buyers of *Presinge Trader* (81,115-dwt, 2016 Hantong) for $25.5m. Undisclosed Greek interests are also linked to the sale of the Japanese Panamax *Melodia* (80,554-dwt, 2013 JMU) for a price in the region of $22m.

Fortune Ocean have successfully committed two Mitsui built Ultramaxes at levels substantially above last done. It is understood that *Xing Xi Hai* (60,498-dwt, 2017 Mitsui) and *Xing Shou Hai* (60,492-dwt, 2016 Mitsui) have been committed for about $29m and $28m respectively. The buyers are yet to be identified although separate Greek and Norwegian buyers are suspected to be in the frame. These prices are about $1.5m above last done. The last similar unit sold was *Santa Francesca* (61,250-dwt, 2016 Shin Kasado) which fetched $26.5m back in October. No such premium is evident in the Chinese-built sector of the Ultramax market: the Lomar controlled *Porto Leone* (63,756-dwt, 2014 COSCO Zhoushan) is reported sold for a 'last done' $21.5m.

Stepping down to Supramaxes, the Dolphin-57 design *Supra Oniki* (57,022-dwt, 2010 Qingshan) has been sold for a soft $11m - while the smaller *Richmond Pearl* (53,100-dwt, 2009 Yangzhou Dayang) is widely reported to be close to being concluded at a stronger $10.5m. The vintage *Merlin* (50,296-dwt, 2001 Mitsui) has been sold for $6.2m

Finally, concluding this week's sale report, Costamare have sold their Handysize *Adventure* (33,730-dwt, 2011 Samjin) for $11.3m, with the buyers thought to be Vietnamese.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
Double Miracle	95,444	2014	Imabari		Greek	$24.0m	Scrubber Fitted
Presinge Trader	81,115	2016	Hantong		W Marine	$25.5m	
Porto Leone	63,756	2014	COSCO	C 4x30t		$21.5m	Eco M/E
Xing Xi Hai	60,498	2017	Mitsui	C 4x30t		$29.0m	
Xing Shou Hai	60,492	2016	Mitsui	C 4x30t		$28.0m	
Supra Oniki	57,022	2010	Quingshan	C 4x35t		$11.0m	
Rui Fu Kang	57,000	2011	Xiamen	C 4x36t		$12.0m	
Merlin	50,296	2001	Mitsui	C 4x30t		$6.2m	
Adventure	33,730	2011	Samjin	C 4x35t	Vietnamese	$11.3m	

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Tanker Commentary

Following last week's benchbusting sales of *Ninawa* and *Diyala* (320,596-dwt, 2019 Samsung, scrubber) at $112.5m each, another modern VLCC transaction has come to light. Greek controlled *Delos* (299,990-dwt, 2019 Daewoo, scrubber) is reported to have changed hands for $116m. The price for modern second-hand tonnage reflects a very small orderbook (just three VLCC's are due to hit the water in 2024) with 2026 the earliest slots for new contracts.

Aframax earnings remain high (BDTI Aframax averages just under $50k/day for a non-eco vessel in recent weeks) and so it comes as no surprise that asset values continue to climb. *Aegean Power* (115,754-dwt, 2007 Samsung) is rumoured to have achieved $41m, which pushes the benchmarks up further. As recently as November *P. Kikuma* (115,915-dwt, 2007 Samsung) was sold for $39.3m.

Monaco-based owners have sold *Blue Trader* (37,270-dwt, 2005 Hyundai Mipo) for $17.8m to Turkish buyers. This represents a slight firming in values when compared to the October sale of the year younger sister vessels for $18m each - *Seaways Cape Horn, Seaways Ambrose, Seaways Chania.*

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
Delos	299,990	2019	Daewoo		$116.0m	Scrubber Fitted
Aegean Power	115,754	2007	Samsung		$41.0m	Ice 1B
Blue Trader	37,270	2005	HMD	Turkish	$17.8m	

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