



A MERRY CHRISTMAS TO ALL OUR READERS

CONTENTS

2. Dry Cargo Chartering
Christmas Market Correction
3. Dry Cargo S&P
Solstice
4. Tankers S&P
Afra Merry Christmas

... Relief will be Gradual ...

Fed Holds Steady, Signaling Rate Cuts for 2024

Upper limit of the U.S. federal funds target rate range*



* Dotted lines indicate median projections of the midpoint of the appropriate target rate range at the end of the specified calendar year
Source: U.S. Federal Reserve



statista

Source: Statista

*Ship earnings numbers are courtesy of CRS.

**BSPAs. Change in 5yo values from 06 Jan to 15 Dec 2023:

Cape 180,000-dwt: \$41.98m to \$48.43m (+15%)
Kmax 83,000-dwt: \$29.00m to \$32.17m (+11%)
Smax 58,000-dwt: \$23.81m to \$25.48m (+7%)
Hndy 38,000-dwt: \$23.33m to \$24.77m (+6%)

VLCC 305,000-dwt: \$93.38m to \$99.76m (+7%)
Suez 158,000-dwt: \$64.28m to \$76.10m (+18%)
Afra 105,000-dwt: \$59.24m to \$67.51m (+14%)
MR 51,000-dwt: \$41.61m to \$43.33m (+4%)

(Courtesy of the Baltic Exchange).

POINTS OF VIEW

As 2023 draws to a close we can take stock of what has been and what might lie ahead. The economic 'highlights' were a muted post-pandemic recovery, coloured by high and persistent inflation, especially in mature developed economies, and rising interest rates. The impact on consumption has been severe and this drag could continue into 2024 until such time as interest rates trend back down. It will be a slow process, but the Fed has alluded to three possible rate cuts next year. The UK and Europe are likely to be some way behind so the best we might hope for is mild growth and the avoidance of technical recession. The US, the world's largest economy, looks set to lead the way while China, the second largest, is no longer inclined towards large stimulus packages of old and this may hold it back. Its property crisis is already two years old and continues to constrain consumer spending in the absence of the wealth effect of former constantly rising house prices. Geopolitical risks loom large as the Ukraine war extends into another year and the Gaza conflict stretches into a third month. Both wars have much wider implications and have caused a polarisation of world opinion as countries align with one side or the other on each. At the start of the year, when inflation was high and interest rates were rising, there was almost universal belief that the western world faced inevitable recession. To date, things have turned out better than expected although bearish commentators are still preparing for the worst.

Shipping also had a patchy year when comparing earnings of modern ships across sectors for this year versus last year. These are the numbers for spot market daily earnings in 2023-ytd (to 15 December) against full year 2022. VLCC (310k-dwt): \$57,042 vs \$44,458 (+28%). Suez (160k-dwt): \$60,226 vs \$55,881 (+8%). Afra (115k-dwt): \$62,115 vs \$66,765 (-7%). MR (51k-dwt): \$33,424 vs \$41,353 (-19%). Cape (180k-dwt): \$20,238 vs \$24,666 (-18%). Kmax (82k-dwt): \$16,595 vs \$24,099 (-31%). Umax (63k-dwt): \$16,735 vs \$24,093 (-31%). Handy (38k-dwt): \$11,039 vs \$20,820 (-47%). 1-year TC rate averages in specialised sectors held up well. LNGC (174k-cbm): \$154,680 vs \$172,096 (-10%). VLGC (84k-cbm): \$53,544 vs \$35,220 (+52%). PCTC (6,500-ceu): \$111,250 vs \$72,167 (+54%). FCC (9,000-teu): \$52,340 vs \$143,692 (-64%)*. The fluctuation in 5-year-old bulker and tanker values in 2023 is shown on the left. All values are up.** It is noteworthy that large crude tankers did better than smaller ones; that bulkers all did worse on a year-on-year comparison; that car carriers and large LPG carriers did very well. Meanwhile, containerships as a class had a dreadful year after reverting to pre-pandemic rate levels following two very lucrative years in 2021 and 2022. Going into 2024, the dry and wet bulk sectors have the advantage of low levels of new ship deliveries, especially in the larger sizes. The opposite is true for containerships and LNGCs which is likely to affect rate developments. The demand side is less easy to predict.

With so many elections next year, including in the US and UK, political attitudes to the wars in Europe and the Middle East appear to be changing. Congress may demand ceasefires in Ukraine and Gaza in exchange for continued financial and military support to its allies. This will have implications for shipping. Should Trump get back in then, quite apart from the prospect of general chaos, he specifically plans to impose a 10% tariff on all US imports which could throttle global trade. We are starting to feel the impact of diversions as more ships re-route due to low water levels in Panama and as terrorist risks in the Red Sea reduce Suez transits. How long may this disruption continue? Will the IMO's decarbonisation rules start to bite in 2024? We anticipate more progress in the US economic recovery next year but are less clear on how the Chinese government can revive household sentiment and reboot consumer spending. We were impressed that, despite weak domestic demand, China continued to import high volumes of crude oil and iron ore this year. It needed to keep its refining and steelmaking ticking over with so many jobs at stake. Excess oil and steel products are, and will be, exported until they are needed on the home front. Opec+ painted its serial oil output cuts as a reaction to falling global demand. Actually, the call on Opec was reduced by rising crude exports from the US, Brazil and Guyana, so its cuts were more mandatory than voluntary. Many hard-to-predict supply and demand variables lie ahead.

Dry Cargo Chartering

The final trading week of the year saw **Capesize** markets soften by a considerable amount but still maintaining a relatively strong overall position going in to 2024. The Pacific remained somewhat subdued, while fresh enquiry in the Atlantic did little to boost rates. The BCI ended up at \$28,177, a steep decline of \$5,930 from last Friday. The usual Pacific-trading majors turned their attention to the new year with Rio Tinto covering several early January position for their Australian iron ore. Freight this week varied from \$14.50 pmt down to \$11.65 pmt. The same can be said for BHP who took five vessels for their Port Hedland-Qingdao run, among them *Nicholas G.S* built 2010, with freight ranging from \$11.90 pmt to \$12.00 pmt. Other notable fixtures reported this week included Swissmarine taking an NYK TBN ship for 190,000 mtons 10% iron ore Tubarao-China at \$23.25 pmt, Ore and Metal fixing Saldanha Bay-Qingdao at \$18.25 pmt, and Cargill chartering a Swissmarie TBN for 150,000 mtons 10% Port Cartier-China at \$35.50 pmt. Additionally, it was rumoured a Ningbo Marine tender for 130,000 mtons 10% Newcastle-Putian was covered at around the \$15.00 pmt mark.

A mixed week for **Panamax** markets. In the Atlantic talk of fresh demand coming from all loading origins failed to have any meaningful impact. Apart from fronthaul trips, rates elsewhere drifted. The Asian market lacked any spark again with minimal activity as we approached the western holiday period and rates fell accordingly. PSTC closed at \$17,183 up marginally by \$87 since last reported. In the Atlantic, *Sakizaya Orchid* (81,588-dwt, 2017) open Hamburg 22/24th December fixed for a trip via US East coast and India redelivery passing Cape of Good Hope at \$22,000 with TataNYK. *Figalia Navigator* (81,480-dwt, 2012) fixed retro sailing Singapore 17th December for a trip via East Coast South America redelivery Singapore/Japan at \$16,000 to Bunge, while Trafigura were linked to *Guo Yuan 22* (75,854-dwt, 2012) open Haldia 22/24th December for a trip via East Coast South America redelivery South-East Asia at \$15,000. In the Pacific, *Galatea* (81,359-dwt, 2011) open Pagbilao 23/24th December was heard clean fixed for a trip via Indonesia redelivery India at \$15,000 with Louis Dreyfus. *Shail Al Dukhan* (74,143-dwt, 2005) open Manila 17/20th December fixed at \$14,000 and *Shen Hua 808* (75,411-dwt, 2014) open Hong Kong 21/24th December at \$13,250 however charterers were not disclosed. On voyage, SAIL fixed a TBN ship for their 75,000 mtons 10% coal lift Hay Point Coal Terminal-Dalrymple Bay Coal Terminal-Abbot Point Coal Terminal/Visakhapatnam 18/27th January at \$17.05 pmt.

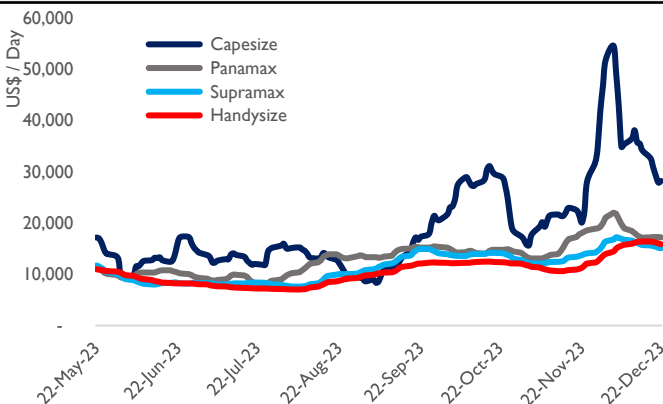
A mixed week in the **Supramax** sector saw the BSI close \$15,063 down \$623 since last Friday. All eyes on the Red Sea this week, as major owners consider alternative viable routing through the canal. A fall in demand for US tonnage cooled

rates in the Gulf, while South America hangs in the balance with a notable drop in enquiry. In the Black Sea, Cosco Shipping's *Grace* (61,614-dwt, 2021) was linked to Agrocorp covering wheat from Constanta to Phu My on a voyage basis in the mid \$30.00s pmt. In the Indian Ocean, *Pacific Victory* (63,508-dwt, 2017) fixed delivery Bin Qasim for a trip via Fujairah redelivery Chittagong with aggregates at \$21,000 to Bulk Asia. *Cl Zhuan Hei* (63,500-dwt, 2020) open Chittagong fixed a trip via East Coast India redelivery China at \$20,000. In the Pacific, *Peaceful Seas* (63,350-dwt, 2014) open Singapore fixed a trip redelivery Bangladesh with clinker \$15,000. Meadway took *Kavo Perdika* (58,740-dwt, 2013) delivery Caofedian via Vancouver to SE Africa \$7,000 (1st 65 days) then \$12,500 thereafter. On the period front, despite being the last trading week, it was reported *Nord Copper* (60,396-dwt, 2018) open CJK was fixed for 3-5 months redelivery worldwide at \$14,500.

With visible activity slowing as we approach the holidays, the **BHSI's** recent run of positivity ended at \$15,813 down by \$510 since last week. A distinct lack of enquiry across the Continent and Mediterranean and a growing tonnage list forced owners to reduce ideas. Norlat covered their lumber requirement on *Tomini Sirocco* (38,781-dwt, 2016) open Immingham for a trip via Germany to the USA at \$16,500. Baltnav fixed a 34k-dwt from the Black Sea to Algeria at \$16,500. *Agia Doxa* (33,261-dwt, 2010) fixed from Aliaga via Black Sea redelivery West Mediterranean at \$15,750 to Langlois. A similar story was seen in the South Atlantic due to limited enquiry left for December. The US Gulf also saw lower levels due to the lack of demand. *Canadian Bulker* (39,300-dwt, 2019) fixed for a trip basis delivery Vila Do Conde for a trip to Norway at \$24,750 to Western Bulk Carriers. *TBC Prime* (38,529-dwt, 2011) an open hatch box-shaped vessel, recently fixed for a 5-7 month period was rumoured to have fix basis delivery Rotterdam for a trip via Brake to US Gulf/East Coast with lumber at \$19,500 whilst others heard it was \$19,750 to G2 Ocean. A 37k-dwt was rumoured to have been fixed for a trip basis delivery Recalada via the Plate to North Coast South America-Caribbean at \$29,000. From Asia, visible activity was also limited, however some said that the market remained balanced at present and levels remained steady. In South East Asia some spoke of a flurry of activity but mainly for early January loading with owners and charterers looking to cover early to avoid issues next week due to the holidays. The lack of tonnage on the US West Coast was said to be attracting tonnage from the Far East, which is helping keep the region positive. *Poavosa Wisdom VI* (28,213-dwt, 2011) open South Korea was heard to have fixed for a trip via Australia to South East Asia at \$8,750. A 34k-dwt open Australia was heard to have fixed for a trip to the Far East for around \$16,000. On the period front, *Ocean Victory* (28,386-dwt, 2011) opening in Bangkok was heard to have been fixed for 3-5 months at \$9,250.

Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate (\$)	Charterers	Comment
Rosco Poplar	82,331	2008	Haldia	15 Dec	SE Asia	\$15,750	Cnr	Via EC South America
BBG Singapore	81,974	2022	Jorf Lasfar	23 Dec	Skaw-Gibraltar	\$23,250	Cnr	Via EC South America
Omiros	75,617	2011	Singapore	13 Dec	Singapore-Japan	\$14,000	Norden	Via EC South America
Jia Tong	75,592	2011	Lianyungang	20 Dec	Worldwide	\$11,500	Sinoeast	-
Nikolaos	75,539	2009	Haldia	17 Dec	Singapore-Japan	\$14,000	Koch Trading	Via EC South America
MH Oslo	63,050	2023	Tomakomai	Ppt	Singapore-Japan	\$14,000	Ultrabulk	Via NoPac
Van Leopard	60,263	2015	Ganyu	Ppt	China	\$9,350	Transpower	Via Indonesia
Ocean Glory	56,039	2006	CJK	21/22 Dec	CJK	\$7,700	Sumshine	Via Indonesia
Strategic Explorer	38,880	2015	North Brazil	Ppt	Norway	\$25,000	Berge Bulk	-
Poavosa Wisdom	28,213	2011	South Korea	Spot	SE Asia	\$8,750	Cnr	-



Exchange Rates	This week	Last week
1 USD	142.39 JPY	141.69 JPY
1 USD	0.9074 EUR	0.9161 EUR
Brent Oil Price	This week	Last week
US\$/barrel	79.25	76.39

Bunker Prices (US\$/tonne)	This week	Last week
Singapore HSFO	477.5	460.0
VLSFO	624.5	600.0
Rotterdam HSFO	467.5	447.0
VLSFO	564.5	550.0

22 December 2023

Dry Bulk S&P

The shortest day has passed and we in the north once again commence the long voyage towards light and warmth. The coming holidays are naturally slowing activity, but the market is leaving 2023 at a brisk pace with signs that it will accelerate into 2024. Weather and war have constricted two of the major arteries and this is throwing a wild card element into a well-balanced supply and demand forecast for the dry markets next year.

We have a shorter list of sales to report this week, and four of the five sales are of vessels beyond middle age.

The only modern unit sold this week is the *Star Bovarius* (61,602-dwt, 2015 DACKS) at \$25.25m. The vessel is scrubber-fitted. The price suggests that while values continue to rise, this sale has not matched the gains enjoyed by Fortune Ocean's sale last week of two Japanese-built Ultramaxs.

Three smaller Supramaxes are reported sold this week. The Crown53 design *Richmond Pearl* (53,100-dwt, 2009 Dayang) is sold for a strong \$10.8m with January Atlantic delivery, while *Desert Rhapsody* (53,820-dwt, 2007 Kouan) is sold for a respectable \$9.2m with Far Eastern delivery. Finally in this sector the Japanese-built *TR Crown* (53,474-dwt, 2005 Iwagi) is sold at a stronger \$10.2m.

To finish, the Newcastlemax *Beks Brown* (206,204-dwt, 2005 Imabari) is reported sold at \$16.5m - about a million dollars above what she was bought for at the start of the year.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
<i>Beks Brown</i>	206,204	2005	Imabari		Chinese	\$16.5m	Scrubber Fitted
<i>Star Bovarius</i>	61,602	2015	DACKS	C 4x30t	Greeks	\$25.25m	Scrubber Fitted, Eco M/E
<i>Desert Rhapsody</i>	53,820	2007	Taizhou Kouan	C 4x36t		\$9.2m	
<i>TR Crown</i>	53,474	2005	Imabari	C 4x31t	S. Korean	\$10.2m	
<i>Richmond Pearl</i>	53,100	2009	Yanzhou Dayang	C 4x35t		\$10.8m	



Tanker Commentary

The ongoing activity surrounding the Suez Canal and Red Sea seems to have given Aframax rates another boost with the Baltic Exchange reporting a \$14k/day increase this week on its collection of Aframax rates (BDTI Aframax TCE). Furthermore, we have also seen cross-Med rates increase by c. 80% due to a lack of Aframax tonnage arriving in the area. With both the Panama and Suez canals becoming progressively out of action, tonne-miles support will continue to play an increasingly significant role in determining rates across the tanker sector.

As we head into the final weeks of 2023 there is still some last-minute sales activity in the wet market with three sales featuring in our table this week. The Greek owned Aframax *S-Trust* (106,094-dwt, 2005, Hyundai) has received a solid price from as yet unnamed buyers at \$32m. When you compare her to the two year older Aframax, *Concord Express* (111,920-dwt, 2003, Hyundai), which we reported sold last month at \$26.3m, it shows that the older tonnage is still achieving very firm prices.

Continuing in the crude market, Greek owners Chandris have sold their scrubber fitted Suezmax, *Serenea* (158,583-dwt, 2009, Samsung) for \$45.2m. This demonstrates that prices for Suezmaxes have remained stable throughout the second half of 2023 as we saw the same aged, *Ocean Thunder* ex *Ridgebury John Zipser* (164,772-dwt, 2009, Hyundai) which was also scrubber fitted, achieve almost the exact same price of \$45m all the way back in May.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
Serenea	158,583	2009	Samsung		\$45.2m	Scrubber Fitted
S-Trust	106,094	2005	Hyundai		\$32.0m	
Alicudi M	40,083	2004	Shin A	Turkish	\$14.5m	

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