9th February 2024

HARTLAND
SHIPPING SERVICES

WEEKLY COMMENTARY

CONTENTS

… Friend-shoring and De-risking in action …

Source : Statista

POINTS OF VIEW

The EU's Copernicus reported that 2023 was the warmest year on record, close to 1.5˚C above pre-industrial levels, the maximum level targeted by the 2015 Paris Agreement. But, not to worry, it was designed to be assessed over a 5-year cycle. What is worrying is that with current policies and actions we are on track to shoot past Paris and rise to a catastrophic 2.7˚C by 2100. This suggests that the Four Horsemen of the Apocalypse will be joined by the cavalry if we do not act. We urgently need to get the curve down between now and 2030 as a necessary prelude to net zero 2050 which otherwise risks becoming a meaningless slogan. Everywhere we see back-peddling on prior pledges. In the UK, the Labour Party, that is likely to be elected in October, has just dropped its 2021 'green prosperity plan' to borrow £28bn a year for green capital spending. Inflation and high interest rates have rendered it fiscally unaffordable. Meanwhile, the US pushes ahead with its $369bn (since doubled) August 2022 Inflation Reduction Act that has raised over $110bn of private sector investment and created over 170,000 new green jobs in its first year.* Back here, the EU has been rolling out its own Green Deal since July 2021 but this week Ursula von der Leyen, the EC president, unravelled some of her green pledges to satisfy the populist right and restive farmers.**

The largest oil supermajors (Exxon, Chevron, Shell, Total and BP) made record returns to shareholders in 2023 of $113.8bn via dividends and share repurchases. This is partly about reining in spending on new oil and gas projects (popular with the 'greens' as well as reducing the risk of state windfall taxes) while also cutting spending on low or no return renewables (popular with shareholders). This did not stop Exxon and Chevron from committing to fossil fuels with their respective purchases of Pioneer ($60bn) and Hess ($53bn). The other three also seem to be wavering on renewable commitments as they instead return cash to shareholders. BP announced its second largest annual profit since 2012 on Tuesday. Its shares rose 6% by lunchtime. It made $13.8bn in 2023, down from a record $27.7bn in 2022, and pledged $1.75bn of share buybacks in each Q1 and Q2 and to return 80% of surplus cash to shareholders, up from 60% previously. Its ambition is to close the valuation gap on the IOCs over the water and that demands rolling back investment in renewables.^ In 2020, BP paid Equinor $1.1bn for a 50% share in its Beacon and Empire US East Coast offshore wind projects. On 25 January it was announced that BP would take over 100% of Beacon and Equinor 100% of Empire with BP booking a pre-tax impairment of $0.6bn in its US offshore wind assets.

This week Danish group Ørsted, the world's largest offshore wind developer, reported a net loss for 2023 of $2.9bn which reflected impairment losses and fees caused by exiting US projects. It suspended its dividend and announced 800 job cuts as it withdraws from wind markets in Norway, Spain and Portugal. It also axed its 2030 target for installed renewable electricity from 50GW to 35-38GW as it tries to rescue its share price that has fallen over 70% from a 2021 peak. As with other ambitious renewable projects, Ørsted fell victim to overreach, inflation, rising interest rates and global supply chain disruptions. Faced with the costs and challenges of renewables one can understand why IOCs may prefer to prioritise existing O&G projects where the sunk costs have already been amortised. Moving to LNG, and going the other way, President Biden has suspended authorisations for new LNG export plants in the US while environmental impacts are assessed. It puts at risk over 100mt per annum of potential new US LNG capacity, about the same as current US operating capacity. The freeze (which could be reversed by Trump) may lead to high LNG prices and greater coal use over time. Conversely, US industry might benefit from cheaper natural gas supplies while, abroad, Russian LNG exports may be boosted. Many of the largest new ships^^ are built with dual fuel capabilities using LNG as a transition fuel and others ready for green ammonia and green methanol. It's horse before cart in a kind of "Field of Dreams" principle: "If You Build It, He Will Come". Anyway, you get the gist. The transition to renewables involves a lot of complexity, hopes, costs, risks, delays – and politics.

*It provided a headline $369bn in tax credits for qualifying transition investments in the US green economy ranging from EVs and batteries to solar, wind and heat pumps, etc.

**The Green Deal aims to reduce GHG emissions by 55% by 2030, compared to a 1990 baseline, 90% by 2040 and be net zero by 2050. It is all-embracing: transport and households to farming and forestry.

^Under Bernard Looney, BP pledged to cut O&G output by 40% by 2030 which was then trimmed back to 25% a year ago. It is expected to produce 2m-bpd of oil equivalent by the end of the decade.

^^Large container ships, crude and product tankers, larger bulkers and other high-value specialist ships. LNG is common but there is rising adoption of ammonia & methanol despite little current green supply.

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Dry Cargo Chartering

A week of ups and downs across **Capesize** markets in the run-up to the Lunar New Year saw rates starting strongly, dipping mid-week, and then rallying again on Friday. Despite the volatility, timecharter averages ended up at $19,746, a sizeable rise of $2,909 since last reported. From Australia, the freight prices paid by the usual major miners varied significantly from $8.10 pmt to $9.25 pmt for late February dates. Over in West Africa, *Cape Star* (175,366-dwt, 2020) was fixed by Costamare for 185,000 mtons 10% Nouadhibou/Qingdao at $25.50 pmt, while Koch took a TBN position for 180,000 mtons 5% Kamsar/Yantai 18/28 February at $23.75 pmt. Elsewhere in the Atlantic, Rio Tinto fixed 190,000 mtons 10% Seven Islands/China 3/9 March at $31.00 pmt, and it was reported that *Golden Comfort* built 2023 fixed 185,000 mtons 10% Brazil/China for late February dates at $23.00 pmt. On T/C, Deyesion took *Star Princess* (180,202-dwt, 2003) open Lanqiao 7 February in DC for an Aussie round trip at $18,500, Mercuria took on *Santa Barbara* (179,492-dwt, 2015) for period delivery Taiwan until 10 December 2024 at around $27,000, and we heard *Great Tang* (180,247-dwt, 2011) fixed 10/12 months delivery China second-half February also at around $27,000.

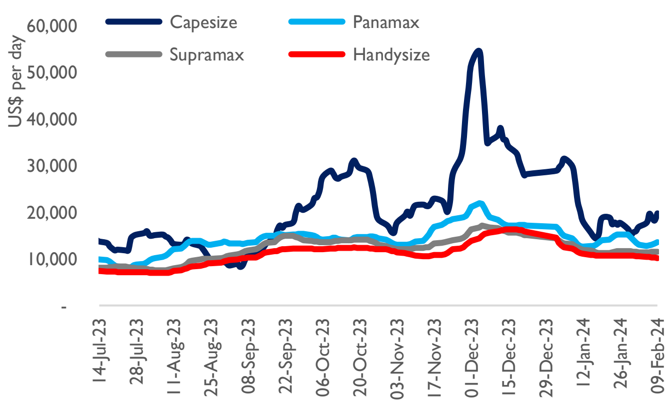
Further moderate gains for the **Panamax** market were seen this week, particularly for the Atlantic. Sturdy levels were fixed for mineral round trips, improving overall sentiment. In the South Atlantic, tonnage lists for ballasters arriving end-February remained long but optimism persisted for early March with decent enquiry levels. Asia saw reasonable levels of enquiry both ex Indonesia and to a lesser extent from NoPac, which improved offers, yet some Charterers were more inclined to wait given the impending holidays. P5TC closed at $13,581 up by $585 since last reported. In the Atlantic, *Atalanta* (82,094-dwt, 2010) open Rotterdam prompt was heard to have fixed for a trip via North France redelivery South China at $27,000 with Olam. *Ever Shining* (81,842-dwt, 2021) fixed aps East Coast South America 20/22 February for a trip redelivery South East Asia $17,350 to Trafigura, whilst *Astrea* (81,838-dwt, 2015) was rumoured to have been fixed retro-sailing Singapore 15 January by Cargill for a trip via East Coast South America / North Coast South America redelivery Singapore-Japan at $15,000. In the Pacific, *Marina* (87,036-dwt, 2006) open Inchon 6 February was heard fixed for a trip via East Coast Australia redelivery Vietnam at a rate in the low-mid $10,000's with Oldendorff. *Glory Amsterdam* (77,171-dwt, 2006) open Quanzhou prompt fixed for a trip via Indonesia redelivery south China to Cargill, but rate details were unknown. *Seacon 9* (74,844-dwt, 2012) open in Gunsan 8/10 February was rumoured to have been fixed for an Australian round trip in the $10,000s. On voyage, SAIL fixed a TBN ship for their 75,000 mtons 10% coal lifting HPCT/Visakhapatnam 1/10 Mar at $15.90 pmt.

The **Supramax** market's two tiers seemed to grow further apart as the Pacific softened while the Atlantic improved. With the imbalance, the US Gulf and East Coast South American markets have improved and this has had a positive domino effect on South Africa. The S10TC closed at $11,584 down by $138 (-1.21%) since reported last Friday. In the Pacific, *Obsession* (63,606-dwt, 2022) fixed delivery Fangcheng prompt dates for a trip via Indonesia to West Coast India at $9,000 and *Arosa* (55,477-dwt, 2009) was covered delivery Philippines for a trip via Southeast Asia with sand to Singapore at $9,750. In the Indian, *Young Harmony* (63,506-dwt, 2019) fixed delivery Khalifa 8/12 February for a trip via Middle East to Bangladesh at $25,000, whilst *Mo Gan Shan* (63,326-dwt, 2014) open Dar-es-Salaam 19/22 February fixed delivery Durban for a trip to China at $23,500 plus $235,000 bb. Oldendorff covered *Marianna* (55,753-dwt, 2010) delivery Mumbai prompt dates for a trip via West Coast India with salt to China at $22,500. In the Atlantic, Swire took *Great Progress* (63,377-dwt, 2015) delivery Santos mid-February dates for a trip to Southeast Asia at $18,000 plus $800,000 bb and *Bulk Atacama* (61,384-dwt, 2014) was taken delivery East Coast South America for a trip to China at $17,750 plus $775,000 bb. Whilst on the period front, Cofco took *Port Kobe* (63,520-dwt, 2016) delivery US Gulf for 1 year with redelivery worldwide at $19,500, and Jade Alliance covered *Jin Xiang* (61,414-dwt, 2012) delivery retro-sailing Lianyungang 7 February for 5/7 months with redelivery worldwide at $16,000. Oldendorff fixed *Maghna Liberty* (55,905-dwt, 2014) delivery Nantong 10/15 February for 4/6 months with redelivery worldwide at $13,000.

With the Chinese New Year approaching and limited activity across both basins, the **BHSI** dropped a further $290 since last Friday, closing today at $10,233. The Continent dropped off quickly at the beginning of the week, stabilised, and now is picking up. Encouraging for the rest of February. A scrap run to Turkey fixed at mid $11,000's p/day on a 30k-dwt. *IVS Merlin* (38,468-dwt, 2011) fixed passing skaw via Riga for a trip redel US East Coast – US Gulf intention Baltimore with sawn lumber at $14,750 to Norlat. *Karlino* (39,035-dwt,2019) open UK was rumoured to have been fixed for a trip to the US East Coast – US Gulf range via Bremen at $14,000. The Mediterranean was limited to small pockets of positivity, with Owners expected to see improved bids for enquiry in the later stages of February. However, the list of open tonnages has begun to expand due to a lack of prompt enquiry at present. In the South Atlantic, prompt vessels are still experiencing an imbalance in cargo availability. A 35k-dwt open South Brazil fixed delivery Recalada for a trip to Algeria with Denmark option at $14,500 p/day. The situation remained unchanged in the US Gulf, as levels have continued to soften with limited fresh enquiry. *Mel Vision* (32,787-dwt, 2000) open US East Coast was rumoured to have been fixed for a trip to the UK-Continent at $9,500 but further details were not yet available. *An Ding Hai* (38,801-dwt, 2017) open Progresso was rumoured to have fixed a trip to the Mediterranean at around $12,000, whilst others heard she is fixed to Italy with petcoke at $15,000. The expected decline in activity arrived across Asia, with very limited fresh enquiry this week. Many had covered early ennough to avoid any last-minute panics for both sides. *Hua Yang Mei Gui* (29,974-dwt, 2011) opening in Singapore with early February dates was rumoured to have been fixed for a trip via Kijang redelivery in China at $6,600 but further details have yet to emerge. *Chang An* (31,800-dwt, 2009) was rumoured to have been fixed basis delivery Fangcheng for a trip to South East Asia in the $5,000's but further information was not yet available. *Thomas Selmer* (34,963-dwt, 2011) open Paradip was heard to have fixed for a trip to Port Kelang at around $6,500.

Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate ($)	Charterers	Comment
Flag Tom	93,268	2011	Dangjin	7 Feb	Korea	$10,500	KSC	Via EC Australia
Yangze 26	82,429	2024	EC South America	25 Feb	Singapore-Japan	$17,250	Reachy	-
Sweet Lydia	79,469	2012	Hong Kong	14/15 Feb	South China	$10,000	Cargill	Via Indonesia
Ismene	77,901	2013	Singapore	8 Feb	Indonesia	$15,000	Tongli	Via WC Australia
GH Power	76,421	2002	Zhanjiang	9 Feb	South China	$11,000	Cnr	Via Indonesia
Maximos	63,400	2020	East London	Mid Feb	Far East	$22,000	Clipper	-
AM Bremen	56,155	2012	Newcastle	Mid Feb	South Korea	$10,500	Bainbridge	-
Mariana	55,753	2010	Mumbai	Ppt	China	$22,500	Oldendorff	Via WC India Intention salt
IVS Merlin	38,468	2011	Skaw	Ppt	US East Coast	$14,750	Norlat	Via Riga
Sirius	34,536	2011	Santos	20/25 Feb	Morocco	$14,000	Norden	-



Exchange Rates		This week	Last week
	1 USD	149.45 JPY	148.44 JPY
	1 USD	0.9282	0.9271 EUR
Brent Oil Price		**This week**	**Last week**
	US$/barrel	82.05	77.54

Bunker Prices (US$/tonne)	This week	Last week
Singapore HSFO	454.0	445.0
VLSFO	665.0	635.0
Rotterdam HSFO	467.0	447.0
VLSFO	592.0	585.0

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Dry Bulk S&P

The S&P market has not witnessed the usual slowdown in the lead up to Lunar New Year, with a huge number of sales to report across all sizes. If activity continues like this the Year of The Dragon will be off to a fiery start.

The Cape market has been very active with seven confirmed sales. Buyers are drawn to the sector for various reasons, not least the low orderbook and optimism that creates. Foremost have accounted for four of the seven sales. Their Newcastlemax *Qing May* (206,117-dwt, 2012 SWS) reportedly achieved $37m despite not having a scrubber - Singapore based Winning Shipping are linked as the buyer. Their non-scrubber fitted sisters *Yue May* (176,552-dwt, 2011 SWS) and *Guo May* (176,536-dwt, 2011 SWS) are sold for $27m and $26.3m respectively. Doehle are reported to have paid a little less, a between $25.5 and $26m, for *Zhong May* (176,403-dwt, 2011 SWS). Polaris invited offers last week on four modern Newcastlemaxes (208,000-dwt 2021 NTS and 208,000-dwt, 2020 SWS), the final outcome is still pending. As we understand the seller still held subjects, however, rumours place them tied up at around mid 60s. Both Greek and Chinese buyers have been heavily indicated.

At the end of January, Oldendorff sold two scrubber-fitted post-Panamaxes *Christine Oldendorff* (93,077-dwt, 2010 Kouan, Tier 1) and *Charlotte Oldendorff* (93,296-dwt, 2010 Yangfan, Tier 1) for $15.45m. This week, Mittal are reported to have sold their three non-scrubber fitted New Yangzijiang built units, *AM Point Lisas* (93,238-dwt, 2010, NYZJ, Tier 1) for $13.7m, *AM Tubarao* (93,225-dwt, 2011, NYZJTier 2) for $14.9m and AM Ghent (93,168-dwt, 2011, NYZJ Tier 2) for $15.2m which gives us some guide as to how the market is valuing scrubbers and Tier 2 engines. The buyers remain unknown yet.

In the only Ultramax sale of the week, the Shoei Kisen controlled *Ocean Venus* (61,464-dwt, 2012 Shin Kasado) has been committed for $20.8m to Greek buyers. We understand that the vessel inspected below expectations for her age.

The 2011 Supramax *Pegasus* (56,726-dwt, 2011 COSCO) is reported sold to unconfirmed buyers for a price in the low $13's. This is a step up on the sale of the year younger *Merida* (56,670-dwt, 2012 Kouan) two weeks ago for $13.2m. The smaller *Beijing Venture* (53,600-dwt, 2010 Chengxi) is sold to Chinese buyers for $11m.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
Qing May	206,117	2012	SWS		Winning Shipping	$37.0m	
Kinokawa Maru	181,392	2013	Imabari		Seanergy	$34.0m	DD Passed
New Delight	181,279	2010	Imabari		Jin Hui	$30.95m	
Athenian Phoenix	179,223	2009	Hyundai			$23.5m	
Yue May	176,552				European	$27.0m	
Guo May	176,536	2011	SWS		Danaos	$26.3m	
Zhong May	176,403				Doehle	$26.0m	
AM Point Lisas	93,225	2010				$13.7m	Tier I
AM Tubarao	93,225	2011	New Yangzi			$14.9m	Tier II
AM Ghent	93,168	2011				$15.2m	Tier II
Navios Harmony	82,790	2006	Tsuneishi			$12.2m	
Great Venture	77,283	2008	Oshima		Chinese	$14.2m	
Ocean Venus	61,464	2012	Shin Kasado	C 4x31t		$20.8m	
Pegasus	56,726	2011	COSCO	C 4x30t		$13.1m	
Matsu Arrow	55,975	2014	Oshima	C 4x30t		$22.0m	Open Hatch, BBHP
Western Eyde	55,816	2014	Mitsui	C 4x30t	Greeks	$22.0m	Eco M/E, BBHP
Beijing Venture	53,600	2010	Chengxi	C 4x36t	Chinese	$11.0m	
Nordic BC Munich	34,827	2012	Jiangdong Wuhu	C 4x30t		$14.2m	
Alliance	33,755	2012	Samjin Weihai	C 4x35t		$12.3m	

Tanker Commentary

A single Suezmax sale this week; Fredriksen has offloaded the scrubber-fitted *Front Odin* (156,840-dwt, 2010 Rongsheng, MC engine) to Moundreas for $46m. This sale represents a significant firming in the market when compared to December's sale of the scrubber-fitted and eco *Nobleway* (164,028-dwt, 2010 Bohai, ME engine) at $44m.

Onto the LR2s and there have been a brace of enbloc sales completed. *SKS Darrent* & *SKS Driva* (both 119,456-dwt, 2011 Hyundai Samho) are rumoured to have been picked up by Union Maritime for $52m each. Meanwhile the more modern *Polar Ace* & *Polar Bright* (both 109,999-dwt, 2018 Daehan) are concluded at $65.5m per vessel with time charters attached region low $20k per day until April & August 2025 respectively.

Rounding up the tanker sales this week, *Hansa Oslo* (51,215-dwt, 2007 STX) sold for $22.5m - a half a million dollars step up from the sale of the sister *Elizabeth M* (50,359-dwt, 2007 STX) at $22m in early October 2023.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
Front Odin	156,840	2010	Rongsheng	NGM	$46.0m	Scrubber Fitted
SKS Darent SKS Driva	119,456	2011	Hyundai Samho		$104.0m	Enbloc
Polar Ace Polar Bright	109,999	2018	Daehan		$131.0m	Enbloc, TC attached, $20k p/d till Apr/Aug 2025
Koro Sea	105,905	2008	Namura	Chinese	$39.0m	Scrubber Fitted
Hansa Oslo	51,215	2007	STX		$22.5m	

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