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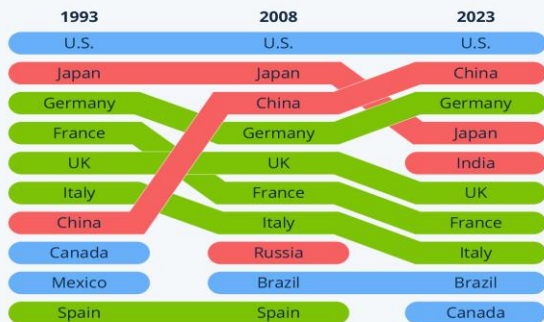
The World Trade Organization, seen as a vehicle for trade globalisation, held its 13<sup>th</sup> Ministerial Conference in Abu Dhabi this week. It now has 166 members, after Comoros and Timor-Leste just joined, representing 98% of world trade with over 20 more countries queuing up to join. China became a member of the WTO on 11 December 2001 and what followed was an extended period of both Chinese and global trade growth. Since its accession, China has enjoyed a more than ten-fold increase in its total trade, outpacing the global average by several times. However, since around 2013, when China started its \$1tn Belt and Road Initiative, it has been building up a back-up system loosely based upon the 'global south' developing economies and the BRI which involves over 140 participant countries in Asia, Africa, Latin America and elsewhere. The main idea was to create a China-centric network of bilateral and regional free trade agreements (FTAs) permitting trade at low tariffs and direct investment flows. So far, the network extends to 28 countries that take 38% of China's exports and none of these FTAs include the US or any countries in the EU.\* In the 12 months to the end of October 2023, China shipped \$3.4tn of goods around the world of which its FTA network accounted for \$1.3tn.^ This work in progress is a product of an ongoing de-risking exercise by the West and an insurance policy for China in case of the WTO's demise.

... China : the biggest mover over 30 years ...

### Continental Shift: The World's Biggest Economies Over Time

Countries with the highest GDP on Earth in 1993, 2008 and 2023

● Americas ● Asia ● Europe



Based on nominal U.S. dollars  
Source: IMF

statista

[Source : Statista](https://www.statista.com/chart/11111/continents-shift-the-worlds-biggest-economies-over-time/)

China's need for a trade insurance policy, or a partial back-up to the WTO, is founded on a series of disheartening events. First, the 2008 global financial crisis that destabilised the world economy. Second, the US excluding China from talks to join the Trans-Pacific Partnership that was signed in 2016. Third, the US imposition of heavy tariffs on \$300bn of Chinese exports in 2018. Fourth, since 2019, the US hobbling of the WTO's dispute resolution mechanism by blocking appointments to the Appellate Body, leaving in limbo many multi-billion-dollar trade disputes. The then US president made it clear that he dislikes multi-lateral political and trade bodies, preferring instead bilateral deals in which the US can always come out on top. Fifth, inbound foreign direct investment has slumped to a 30-year low as China's economy slows, and this only reinforces a realignment of trade towards its BRI partners in the global south. For their part, the US and Europe are worried about Chinese overcapacity that is leading to low-priced exports into overseas markets, undermining many industries ranging from steel, aluminium and wind turbines to EVs, lithium batteries and solar panels. Joe Biden just announced an investigation into Chinese EVs that could undermine national security if they can collect sensitive data about US people and infrastructure. This is likely to be the next big bone of contention in US-China relations.

The breakdown in trust between China and the West will most likely manifest itself in elevated trade spats. After the bombastic nature of the trade wars initiated by his predecessor, Biden arguably has caused even greater upset by his more structured targeting of hi-tech equipment supplies to China, especially those that have military applications. By withholding high end microchips and AI processors the US is frustrating China's pivot from low-cost goods production to high-value tech manufacturing as it aims to add value in its supply chains. The prospect of an intensification of trade disputes comes at a time of undeniable weakness in the domestic economy with a persistent housing crisis, low household confidence and spending, record high youth unemployment, poor demographics, falling producer and consumer prices, high local government debt and lower domestic corporate and foreign direct investment. The February manufacturing PMI came in at 49.1 from 49.2 in January making it the fifth consecutive month of contraction. As the property sector accounts for up to 30% of the economy,\*\* it may be the place to start with central government intervention aimed at restoring investor confidence. Much will be revealed at next week's annual National People's Congress in Beijing when targets will be set for economic growth, fiscal stimulus and military spending for the year ahead. There could be worse to come on the trade front, whether within or outside the WTO's orbit, but it is tempting to hope that domestic problems are already priced in. That leaves us the prospect of upside potential as 2024 unfolds, which could give shipping the demand stimulus that it craves.

\*Source: An FT article on Chinese trade entitled "China's plan to reshape world trade on its own terms" by James Kyngge and Keith Fray.

^The FT points out, as context, that China exports more to its FTA network than the Netherlands & Japan, the world's 4<sup>th</sup> and 5<sup>th</sup> biggest exporters, did worldwide in 2022.

\*\*HSBC, in "Where are we on Chinese property?" suggests that underlying housing demand, especially in poorer areas and among migrants, remains substantial.

## Dry Cargo Chartering

Another very encouraging week for **Capesize** markets as notable volumes of fresh Pacific cargoes drove momentum and pushed up freight prices. The widespread positivity and optimism left the Baltic Capesize T/C average up by a huge \$6,906 from last reported to close the week at \$32,985. The major Australian miners had plenty of iron ore cargoes to cover with Rio Tinto taking at least six positions for mid-March dates. The freight paid varied dramatically from \$10.65 pmt up to \$12.65 pmt by the end of the week. BHP took three vessels including *Shandong De Long* (180,727-dwt, 2020) and *Cape Harrier* (183,142-dwt, 2019) for 160,000 mtons 10% Port Hedland/China with freight ranging from \$10.95 pmt to \$11.95 pmt, while Panoscean and Cosco were also active in the Western Australia/Qingdao market. From South Africa, Ore and Metal took a Kline TBN ship for 170,000 mtons 10% Saldanha Bay/Qingdao loading 18/22 March at \$17.85 pmt. Healthy rates were also seen this week in the Atlantic as we heard that *Genco Tiberius* (175,874-dwt, 2007) fixed 170,000 mtons 10% loading Brazil option Colombia option West Africa to China 12/20 March at around the \$26.90 pmt mark, and on Thursday, Vale chartered *Rini* (177,899-dwt, 2010) for a Tubarao/Qingdao run at an impressive \$27.50 pmt. Further north, Rio Tinto fixed 170,000 mtons 10% Seven Islands/Oita at \$35.55 pmt, and Arcelor Mittal took a TBN position for 150,000 mtons 10% Port Cartier/China at \$40.25 pmt.

A fast moving and dynamic **Panamax** market appeared this week aided somewhat by sizeable gains in the FFA market. In the North Atlantic, few fresh cargoes emerged, and a lengthy tonnage list continued to weigh down on rates for trans-Atlantic trips where activity remained thin. From South America, levels appeared to be well supported with improved bids being seen. Further gains were seen in Asia with good demand from all major origins. Rates for Australia and NoPac were seemingly propped up by a healthy East Coast South America market. P5 TC closed at \$15,509 up by \$1,152 since last reported. In the Atlantic, *Dokos* (82,024-dwt, 2022) fixed delivery aps East Coast South America 29 February/1 March for a fronthaul trip with Louis Dreyfus at \$16,650, whilst *Kyra Zafira* (80,263-dwt, 2012) also fixed aps East Coast South America 10/20 March for a trip to the Far East at \$16,500. *Cape Kasos* (81,403-dwt, 2012) was covered retro sailing Singapore 20 February for a fronthaul trip via East Coast South America at \$15,000 with GTM. In the Pacific, Cargill were linked to *Xing Shun Hai* (81,824-dwt, 2018) open Bayuquan 24/27 February for a NoPac round trip at \$17,000, while *Bulk Portugal* (82,224-dwt, 2012) open Haldia 28/29 February was fixed for an Indian coastal trip but little else came to light. *Ru Meng Ling* (81,487-dwt, 2010) open Nansha 25 February was fixed for a trip via Indonesia redelivery South China at a rate in the low-mid \$15,000's. On period, Ace Pacific fixed *Jin Ming 82* (58,018-dwt, 2011) Kwangyang prompt for 7/9 months redelivery Middle East-Japan at \$15,400.

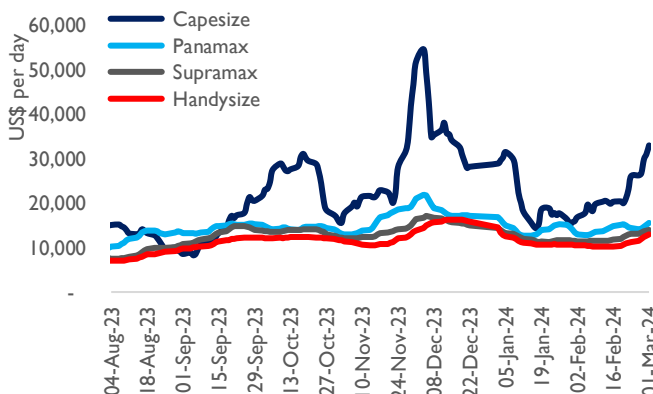
The **Supramax** market firmed in the East this week, as a strong volume of cargo was

introduced throughout the Pacific Ocean. The Atlantic seemed to soften for the exact opposite reason. The S10TC closed at \$13,940 up by \$863 (+6.60%) since reported last Friday. In the Pacific, *Xin Hong Bao Shi* (57,122-dwt, 2009) fixed delivery Surabaya spot dates for a trip via Indonesia to China at \$20,000 and *Hua Heng 166* (56,841-dwt, 2011) covered delivery Shanhaiguan 28 February/3 March with redelivery Southeast Asia at \$9,250 for the first 25 days and \$12,250 for the balance. Whilst in the Indian, *Amis Dolphin* (60,830-dwt, 2015) fixed delivery PMO prompt dates for a trip via Salalah with clinker to Mombasa at \$10,750 whilst Lighthouse took *Vishva Bandlan* (57,196-dwt, 2011) delivery Navlakhi 3/6 March for a trip via Middle East with limestone back to West Coast India at \$10,500. And in the Atlantic, Norton covered *Ultralaz* (64,043-dwt, 2018) delivery Port Talbot prompt dates for a trip via Southampton with scrap to the East Mediterranean at \$19,000, Dragon Carriers took *Groton Eagle* (63,301-dwt, 2013) delivery SW Pass 5/10 March for a trip with grains via Cape of Good Hope to Japan at \$28,000 (with scrubber benefit for the charterers). Whilst on the period front, Ace Pacific covered *Jin Ming 82* (58,018-dwt, 2011) delivery Kwangyang prompt dates for 7/9 months with redelivery Middle East-Japan range at \$15,400.

The overall market positivity also saw the **BHSI** improve this week to \$13,005, up from \$1,706 since last Friday. Across the Continent and the Mediterranean, activity was said to be steady with relatively stable levels. In the South Atlantic, recent improvement in the River Plate draft have resulted more enquiry in the region for both Brazil and Argentina loading, bringing optimism among owners. In the US Gulf, a more manageable list of open tonnages has been observed although more enquiries are still needed to instigate significant change. *Radius* (36,976-dwt, 2012) was said to have been fixed passing Key West for a trip to Turkey at \$9,250, and *Florencia* (39,972-dwt, 2023) was heard to have been fixed from Bourgas via Constantza to Spain with grain at \$15,000. A 37,000-dwt opening in Paranagua was rumoured to have been fixed for a trip to West Coast South America at a rate of around \$18,000. In the East, levels continued to strengthen for Southeast Asia because of more enquires entering the market and an inadequate supply of tonnage. Similar gains have also been seen by owners for the North China-Japan region. *Sen Treasure* (29,029-dwt, 2013) open Phu My 7/11 March was rumoured to have been fixed for a trip to Japan at \$10,000. *V Due* (37,877-dwt, 2015) open in Chiba was rumoured to have fixed for a NoPac round voyage at \$12,750 but further details had yet to surface. *Lucky Hong* (32,919-dwt, 2009) open Semarang was heard to have fixed a trip via Australia to Taiwan with salt at \$15,000. On the period front, it was rumoured that *Paovosa Wisdom VI* (28,213-dwt, 2011) open China at the end March fixed 5/7 months at \$10,800.

### Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate (\$)	Charterers	Comment
Medi Amalfi	87,605	2017	Kawasaki	28/29 Feb	China	\$18,000	MOL	Via EC Australia
Naias	81,852	2012	Xiamen	1 Mar	China	\$15,000	Louis Dreyfus	Via Albany
Bettys Perfection	76,635	2007	Ulsan	4/9 Mar	Singapore-Japan	\$14,500	Cargill	Via NoPac
GNG Concord 3	75,479	2015	Pecem	27 Feb	Skaw-Gibraltar	\$16,250	Louis Dreyfus	-
Nikolaos S	75,200	2010	EC South America	29 Feb	Egypt	\$17,500	Delta	-
Bold Voyager	56,118	2010	Hong Kong	Ppt	China	\$11,000	Cnr	Via Indonesia
Kang Yu	52,988	2004	Dongguan	Ppt	China	\$15,000	Fullinks	Via Indonesia
Ocean Pilgrim	52,443	2002	Hong Kong	Ppt	S China	\$14,000	Cnr	Via Philippines
Florencia	39,972	2023	Bourgas	Ppt	Spain	\$15,000	Shield	Via Constantza
Lucky Hong	32,919	2009	Semerang	Ppt	Taiwan	\$15,000	Cnr	Via Australia



Exchange Rates	This week	Last week
1 USD	150.35 JPY	150.40 JPY
1 USD	0.9245 EUR	0.9236 EUR
Brent Oil Price	This week	Last week
US\$/barrel	83.62	81.59

Bunker Prices (US\$/tonne)	This week	Last week
Singapore HSFO	454.0	451.0
VLSFO	645.0	644.0
Rotterdam HSFO	462.0	470.0
VLSFO	585.0	580.0

1 March 2024

## Dry Bulk S&P

It's the first day of Spring and the sap is definitely rising in the secondhand market. Activity is mainly focussed on two specific sectors: Capesize and Ultramax.

With the Capesize index earnings touching \$33,000 per day today it is not surprising that appetite for secondhand tonnage remains strong. We have recorded a sale of a Capesize or Newcastlemax for every working day of the last month. Resurgent demand coupled with a small orderbook is emboldening buyers to hunt down sales candidates.

The prices recorded this week are largely at the benchmarks freshly established in the middle of last month. *Mineral Brugge* and *Mineral Gent* (175,155-dwt, 2011 New Times) are reported sold at \$26m and \$26.25m respectively. The same age sister *Star Audrey* (175,125-dwt, 2011 New Times) is sold at \$27.25m, showing a relatively modest premium for her scrubber and better class position.

Competition for Ultramax tonnage remains intense and values have jumped in recent weeks. Eco tonnage remains the focus of buyers but in the absence of E engined vessels, buyers are picking over older and smaller tonnage. The Greek controlled, eco sisters *Andros Island* and *Syros Island* (63,008-dwt, 2016 Zhejiang) are sold at \$26.5m and \$25.5m respectively. *Eaubonne* (63,308-dwt, 2014 Sainty, eco) is reported sold at \$23m. Finally, the older Japanese unit *Andromeda* (61,501-dwt, 2011 Oshima) is sold for \$21m.

Elsewhere, two modern Kamsarmaxes are sold at rising numbers. The Chinese-built *Aquavita Sol* (81,541-dwt, 2020 Hantong) is sold at \$33.5m, while the year younger *Grand Radiant* (82,298 dwt, 2021 Yamic) achieved \$37.5m.

### Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
Houston	177,729	2009	Jiangnan		Pacific Bulk	\$23.5m	
Mount Carmel	177,003	2007	Namura		Chinese	\$25.0m	
Mineral Gent	175,181	2011	New Times		Goldenport	\$26.25m	
Mineral Brugge	175,155	2011	New Times			\$26.0m	
Star Audrey	175,125	2011	New Times		Greeks	\$27.25	Scrubber fitted
Aquavita Sol	81,541	2020	Hantong		Greeks	\$33.5m	
Amazon	74,910	2001	Hitachi Zosen		Chinese	\$8.0m	
Angelina	74,540	2001	DSME		Chinese	\$7.0m	
Eaubonne	63,308	2014	Sainty	C 4x45t	Greek	\$23.0m	
Andros Island	63,008	2016				\$26.5m	
Syros Island	63,008	2015	Zhejiang	C 4x35t	Greeks	\$25.5m	
Andromeda	61,501	2011	Oshima	C 4x30t	Greeks	\$21.0m	
ASL Fortune	58,096	2012	Tsuneishi Cebu	C 4x30t	Greeks	\$19.3m	
Crested Eagle	55,989	2009	IHI	C 4x30t	Chinese	\$14.95m	Scrubber fitted, SS/DD Due
Yellow Sea	35,238	2012	Nantong Changqingsha	C 4x31t		\$11.5m	
Pan Kristine	33,303	2011	Nantong Huigang	C 4x30t		\$10.8m	



## Tanker Commentary

As the tanker market remains firm, we have seen some very buoyant period fixtures. The scrubber fitted Aframax *Freeport Star* (115,519-dwt, 2023 Daehan) is rumoured to have been fixed for a healthy \$42,500/day for three years.

Elsewhere in the product sector, *CSC Brave* (45,853-dwt, 2007 Jinling, FS Ice II) has been reported sold for \$19.3m to undisclosed buyers. The last similar vessel to transact was the ice classed, *Palegic Taimen* (50,885-dwt, 2006 STX) for \$20.2m.

In the product sector, Scorpio has finalised the sale of five 2015 MR tankers to Chinese buyers. The scrubber fitted block of SPP's achieved a firm price of \$39m per vessel. This transaction continues Scorpio's recent selling streak, which included offloading a block of six eco MR vessels built between 2014 and 2015 to International Seaways. The last similar age vessel to sell was the non-scrubber fitted, *Dong-A Triton* (49,997-dwt, 2015 HMD) which achieved \$37.5m.

## Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
STI Brooklyn	50,175					
STI Manhattan	50,156					
STI Gramercy	50,145	2015	SPP	Chinese	\$39.0m per vessel	Scrubber fitted
STI Bronx	49,990					
STI Queens	49,990					
CSC Brave	45,583	2007	Jinling		\$19.3m	FS Ice Class II
NQ Acacia	19,801	2016	Ningbo Xinle	Eships	\$28.0m	Stainless Steel
Chem Alya	17,055	2009	Ningbo Xinle		\$15.5m	Ice IC

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