08 March 2024

HARTLAND
SHIPPING SERVICES

WEEKLY COMMENTARY

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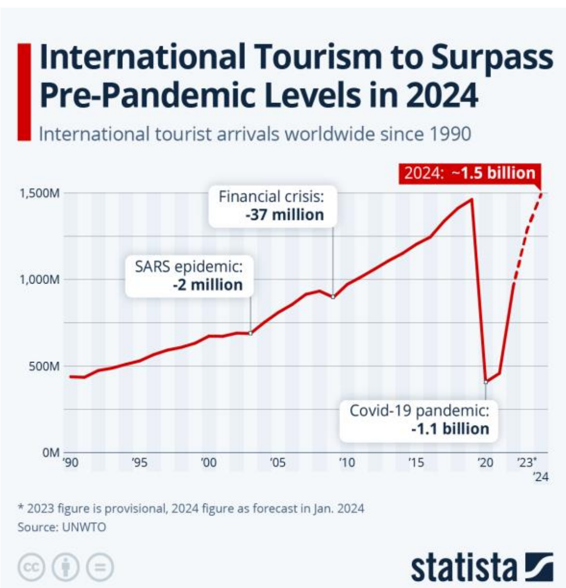

[Source : Statista]

POINTS OF VIEW

On Sunday, Opec+ (mainly Saudi Arabia) decided to extend its oil production cuts for another quarter to end June to keep prices supported above $80 a barrel. The more correct way of stating this decision is that the call on Opec is less, and thus it needs to keep excess barrels off the market or risk that oil prices tumble.* It is surrendering market share to non-Opec Atlantic-based producers led by the US, Brazil, Canada and Guyana. US shale oil producers have been encouraged to raise output knowing that Opec is openly defending a price floor of $80. Even Russia has pledged to restrain its output as it also needs higher prices for its increasingly stranded fuels as foreign sanctions against its oil, gas and tankers tighten further. By mid-year, the northern hemisphere will be in peak summer driving season, as holidays kick in, offering the prospect of Opec restoring barrels to the market while maintaining a watchful eye on prices. Opec producers that used to exceed output quotas include Angola (which left the cartel last December) and Nigeria, but production issues stemming largely from lack of maintenance and inadequate investment have left them constrained. The UAE, which is close to Saudi Arabia, and with whom it is jointly fighting against Houthi rebels in Yemen, is sitting on 1.5m-bpd of spare capacity and is itching to go. Meanwhile, Iraq and Iran are not strictly bound by quotas as they seek to rebuild from war and sanctions. So, one wonders how much longer Abu Dhabi and Baghdad will toe the Opec line as their oil reserves stay in the ground, unmonetised, while the world decarbonises.

The total Opec+ cuts amount to about 5% of daily global supply with Saudi Arabia reckoned to have the capability to restore 3m-bpd at short notice should prices surge on higher demand. Wars in Ukraine, Gaza and Sudan (plus all the others not covered by CNN) have failed to move Brent from either side of $80. This suggests that the market is well supplied with the capacity to respond should needs be. US producers are investing in extra output cautiously so as not to be confrontational towards Opec+, and Saudi Arabia in particular. Analysts foresee US output growth slowing in 2024 and 2025, aware as they are that Opec+ will at some point want to reclaim lost market share. For its part, Saudi Arabia must grit its teeth that it is surrendering business to competitors in the US and Iran, but it needs at least $80 a barrel to finance its ambitious transformation projects (ranging from Neom to sports franchises) and to reduce a widening budget deficit.^ Maintaining discipline within Opec+ is always a challenge but, as things stand, the supply side of the market is in good order. The same cannot be said of demand which is erratic as the West confronts inflation and high interest rates while China suffers what is an economic crisis by its own standards of the past 40 years. There is considerable upside potential for global oil demand should China tune back in, as hoped.

Three main state agencies track oil demand. First, the International Energy Agency (IEA), the Paris-based OECD body that represents mostly oil consumers. Second, the Energy Information Administration (EIA), the Washington-based division of the US Department of Energy that represents the world's largest oil producer and consumer. Lastly, the Organization of the Petroleum Exporting Countries (Opec), that represents the world's major non-OECD oil producers. They differ in their assessment of both current and future oil demand growth. The IEA reported oil demand growth of 2.3m-bpd in 2023 to 101.7m-bpd and forecasts a slower 1.2m-bpd increase in 2024 to 102.9m-bpd. The increases are led by China, India and Brazil. It has yet to produce its 2025 estimate but is firmly of the view that global oil demand will peak by 2030. The EIA noted global consumption growth of 1.9m-bpd in 2023 to 101.0m-bpd and forecasts a 1.4m-bpd rise in 2024 to 102.4m-bpd and a 1.3m-bpd gain in 2025 to 103.7m-bpd. China and India spearhead the gains. Opec strikes a slightly different note, maybe more pro-producer. It saw global oil demand rise 2.4m-bpd in 2023 to 102.1m-bpd and forecasts a 2.3m-bpd gain in 2024 to 104.4m-bpd followed by a 1.8m-bpd rise in 2025 to 106.2m-bpd. Almost all this demand growth is attributed to non-OECD nations. In contrast to the IEA, Opec foresees oil demand continuing to grow, reaching 116m-bpd by 2045. Tanker owners, now enjoying rising asset values driven by earnings, high newbuild prices and strong 20yo values, would prefer to side with Opec over the IEA.**

* Since Oct 2022, Opec+ has removed 5.3m-bpd from the market led by KSA (2.0), Russia (1.1), Iraq (0.7), UAE and Kuwait (0.4). These will stay in place to end Jun.

^ The KSA government has transferred a $163bn stake in Aramco to PIF to take its total funding to $860bn. This reduces KSA's holding in Aramco from 90% to 82%.

** BSPA Change in 5yo Tanker Values since start 2023 in US$ millions:

VLCC	93.4 > 107.9 = +15.5%
Suez	64.3 > 81.5 = +26.7%
Afra	59.2 > 70.3 = +18.8%
MR	41.6 > 45.3 = +8.8%

WEEKLY COMMENTARY

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Dry Cargo Chartering

Capesize markets responded well to a sizeable midweek dip and bounced back to reach their highest peak so far this year. Timecharter averages leapt up on Thursday and Friday to end the week at $35,201, up $2,216 from the previous Friday. Despite the volatility, Rio Tinto booked in four end of March vessels for 170,000 mtons 10% iron ore Dampier/Qingdao, but saw varied freight prices from $12.90 pmt up to $14.40 pmt. Elsewhere, Panocean paid $14.50 pmt for a 24/26 March Western Australia position, and FMG and BHP both covered 160,000 mtons 10% Port Hedland/China also at $14.50 pmt apiece. Simec took a Polaris TBN ship for a Whyalla/Qingdao run loading 31 March/6 April at $19.50 pmt, and we also heard that Vale chartered 2 ships for mid-March dates loading at their Teluk Rubiah terminal for China at $11.60 pmt and $10.50 pmt. Over in the Atlantic, *Salt Lake City* (171,810-dwt, 2005) fixed 170,000 mtons 10% Tubarao/Qingdao at $30.50 pmt with ETA Brazil 24 April, while on Thursday *Grand Sakura* (181,924-dwt, 2021) fixed the same route at the same rate but with a West Africa option, and Vitol fixed *Milos Warrior* (197,276-dwt, 2011) again for the same voyage at $29.25 pmt. Additionally, on Tuesday Trafigura reportedly chartered *Theodoros P* (179,000-dwt, 2011) for Sudeste/China loading 19/23 March at just under $30.00 pmt. On the period front, the scrubber fitted *Genco Liberty* (180,387-dwt, 2016) was fixed for prompt delivery Boryeong for 11/14 months trading at around $32,000.

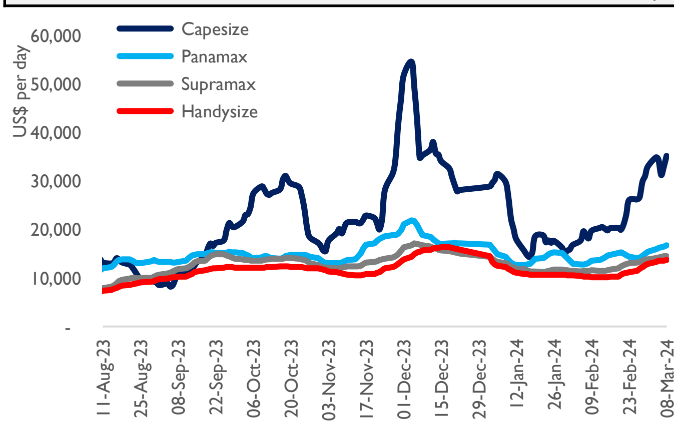
Despite a decent level of activity, the **Panamax** market still proved to be a difficult read for some as varying rates were seen concluded. The Atlantic remained mostly fronthaul centric as grain demand ex East Coast and North Coast South America led the way, backed up by healthy mineral activity ex US East Coast kept rates steady for most part as fundamentals appeared reasonably unaltered. Asia returned a toppy feel to proceedings with most sources feeling that many trades that needed to be done this week have now been concluded. P5 TC closed at $16,750 up by $1,241 (+8%) since reported last Friday. In the Atlantic, *VSC Poseidon* (74,957-dwt, 2013) delivery aps North Coast South America 19 March was heard fixed for a trans-Atlantic round trip at $20,000 with Bunge. *Golden Soul* (84,986-dwt, 2023) delivery aps Fazendinha 18 March fixed for a trip redelivery Skaw-Gibraltar at $24,500 with Cargill. *Aeolian* (83,478-dwt, 2012) delivery aps East Coast South America 20/24 March was reported fixed for a trip redelivery Singapore-Japan at $18,250 plus $825,000 bb with Norden. In the Pacific, *Gerasimos* (82,153-dwt, 2011) open 9 March fixed for a trip Australia redelivery India at a rate in the high $18,000's with NS United. On voyage, NMDC Steel fixed TBN for their 75,000 mtons10% coal lift HPCT/Gangavaram 28 March/6 April at $19.70.

The **Supramax** market settled this week. The Pacific remained firm with a steady volume of cargo, whilst the Indian Ocean softened especially off the coast of South Africa. The Atlantic seemed flat. The S10TC closed at $14,493 up by $553 (+4%) since reported last Friday. In the Pacific, Aquavita fixed *Explorer Europe* (61,457-dwt, 2012) delivery Caofeidian 9-11 March for a trip via North China with metcoke to Malaysia at $15,000 and *Josco Taizhou* (55,561-dwt, 2005) was covered delivery Kaohsiung 8 March for a trip via Philippines with nickel ore to South China at $17,000. Whilst in the Indian, Marla took *Atalanta* (63,456-dwt, 2017) delivery Port Elizabeth 9 March for a trip to China at $23,250 plus $235,000 bb and Allianz Bulk fixed *Tian Tai Shan* (63,435-dwt, 2017) delivery Mumbai 5-7 March for a trip via Salalah to Campha at $20,000. And in the Atlantic, DryDel covered *Nordsun* (61,559-dwt, 2015) delivery Abidjan prompt dates for a trip with manganese ore to China at $28,500, whilst *Medi Adriatico* (60,550-dwt, 2016) was fixed delivery East Coast South America prompt dates for a trip with sugar to Southeast Asia at $17,250 plus $725,000 bb and *Navios Celestial* (58,0683-dwt, 2009) was taken delivery Béjaïa prompt dates for a trip with cement to the US Gulf at $16,000.

Despite the upward momentum slowing towards the end of the week, **BHSI** improved this week at $13,741 up from $736 since last Friday. Increased levels of cargo availability were seen across the Continent, Mediterranean and Black Sea. A 30k-dwt was heard fixed at $12,000 for an intra-Mediteranean run to Algeria, similar levels were recorded for trips from West Mediterranean to the Continent. Owners heard asking approximately $16,000 per day for trips to the US Gulf on bigger Handies. In the South Atlantic, there is an ongoing shortage of prompt tonnage availability helping improve numbers for both Atlantic and West Coast South America destinations. *Stellar Isabela* (37,993-dwt, 2017) open San Lorenzo fixed world wide range for a trip redelivery West Coast South America with Grains at $26,000 to Weco Bulk. A 37k-dwt fixed delivery South Brazil for a prompt trip to the Mediterranean at $17,000 to Cofco. In the US Gulf and US East Coast, after an extended period of negativity, improving levels of enquiry and limited tonnage help to improve levels for owners. *Maestro Sapphire* (39,830-dwt, 2020) opens in Tampa heard to have been fixed from SW Pass to the Continent with an intended cargo of grains at $11,500. *Eva Global* (40,553-dwt, 2023) opening in Baltimore fixed a trip to the Mediterranean with an intended cargo of scrap at $13,000. In Asia, levels for tonnage were said to have remained steady for now, however some cautioned impending shift as cargo availability was reduced substantially towards the week's end with growing signs of negative sentiment and softening numbers. *Tao Treasure* (25,036-dwt, 2013) open Busan mid-March was fixed via Indonesia to Singapore-Japan at $11,500. A 28k-dwt open Far East heard to have fixed a trip to Singapore around $10,000. In the Arabian Gulf, *Danae* (40,015-dwt, 2022) was rumoured to have been fixed basis delivery Jebel Ali with prompt dates for a trip to the US Gulf with an intended cargo of steels at $15,000 for the first 65 days and $19,000 for the balance whilst others heard this was basis 70 days to Hanson.

Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate ($)	Charterers	Comment
Brilliant Knight	82,009	2020	Machong	11 Mar	South China	$22,500	Oldendorff	Via Indonesia
Asterion	81,193	2017	EC South America	10/20 Mar	Singapore-Japan	$18,000	ADMI	-
Best Trader	73,018	1998	Leizhou	16/17 Mar	South China	$15,000	Cnr	Via Indonesia
He Da	71,694	1997	Qinzhou	12/16 Mar	South China	$17,000	Cnr	Via Indonesia
Atalanta	63,456	2017	Port Elizabeth	9 Mar	China	$23,250	Marla	-
Nordsun	61,559	2015	Abidjan	Ppt	China	$28,500	DryDel	-
Medi Adriatico	60,550	2016	EC South America	Ppt	SE Asia	$17,250	Cnr	-
Josco Taizhou	55,561	2005	Kaohsiung	8 Mar	S China	$17,000	Cnr	Via Philippines
Eva Bright	40,577	2023	Atlantic Columbia	Ppt	Peru	$16,000	Cnr	-
Sunset	37,334	2009	SW Pass	Ppt	Ireland	$7,500	Cnr	-



Exchange Rates		This week	Last week
	1 USD	147.13	150.35 JPY
	1 USD	0.9147	0.9245 EUR

Brent Oil Price	This week	Last week
US$/barrel	82.47	83.62

Bunker Prices (US$/tonne)	This week	Last week
Singapore HSFO	483.0	454.0
VLSFO	644.0	645.0
Rotterdam HSFO	477.0	462.0
VLSFO	582.0	585.0

Dry Bulk S&P

Whilst appetite for modern eco tonnage continues unabated, the ever-increasing values and lack of real sales candidates is leading buyers towards older, non-eco alternatives. Continuing the trend of recent weeks, demand for Capes is again illustrated by the number of sales to report this week.

Singapore based Winning Shipping are reported to have paid $32.75m for the 2009 built Newcastlemax *Shin Koryu* (207,991-dwt, 2009 Universal). The one-year younger Korean built Capesize, *Epic* (180,149-dwt, 2010 Daehan) is reported sold for a similar level of about $32.5m. This is a significant increase on the recent sale of the same aged, but scrubber fitted sistership *Sealink* (180,116-dwt, 2010 Daehan) for $31m. Chinese buyers are understood to have paid $22.5m for the scrubber fitted *Enco Ommodus* (169,098-dwt, 2009 Sungdong), a heavy discount due to her much smaller dwt.

A yet undisclosed buyer has paid a very strong price for a 14-year-old Korean built Post-Panamax setting a new benchmark. *Panayiota K* (92,018-dwt, 2010 Sungdong) is reported sold for $20.45m with delivery next month. By way of comparison a similar Chinese built unit of the same age, (*Conrad Oldendorff*) was sold 2 weeks ago for $16.5m, and she was scrubber fitted.

The once mighty Japanese owner Sanko Steamship have sold out the last remaining vessel in their fleet, the scrubber fitted Kamsarmax *Sanko Hawking* (82,514-dwt, 2021 Tsuneishi). We understand that the buyers are Greek, and have paid a very firm price of $41.75m.

There are a couple of 10-15 year old Supramaxes sold this week. Firstly, the non eco *Paradise Island* (57,835-dwt, 2014 Tsuneishi Cebu) sold for $21.9m, and secondly the eco *Aulac Vanguard* (55,848-dwt, 2012 IHI) for $18.9m. The Paradise Island sale is a step up on last done.

Finally, Nisshin are understood to have committed their two JNS eco sisterships *Western London* and *Western Panama* (39,000-dwt, 2015 JNS) for $18.5m each to different buyers - the identities of whom remain unclear.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
Shin Koryu	207,991	2009	Universal		Winning	$32.75m	
Epic	180,149	2010	Daehan		Kisamos	$32.5m	
Castillo De Valverde	173,764	2005	Bohai			$15.8m	
Enco Ommodus	169,098	2009	Sungdong		Chinese	$22.5m	Scrubber Fitted
Panayiota K	92,018	2010	Sungdong			$20.45m	
Grand Radiant	82,298	2021	YAMIC		Kassian	$38.0m	
Sanko Hawking	82,514	2021	Tsuneishi			$41.75m	Scrubber, DD Passed
Paraskevi 2	74,979	2011	Sasebo			$20.3m	
Paradise Island	57,835	2014	Tsuneishi Cebu	C 4x30t	German	$21.9m	MC Engine
Aulac Vanguard	55,848	2012	IHI	C 4x30t		$18.9m	ME Engine, Atlantic dely
Pacific Tamarita	52,292	2001	Tsuneishi Cebu	C 4x30t	Chinese	$8.2m	
UBC Tampico	37,821	2004	Saiki	C 3x36t	Chinese	$9.0m	OHBS

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Tanker Commentary

Despite our short sales list this week, sentiment in the tanker market remains hot. Continued disruption in the Red Sea and ongoing war in Europe have been major contributors to firm rates across the board as well as asset prices hitting levels not seen for well over a decade.

All the action this week has been taking place in the crude markets. SK Shipping are understood to be close to committing their *C. Vision* (314,000-dwt, 2004 Samsung - SS/DD due) between $31 - 32m. This is the last of the Seoul based companies vintage VLCC's to be sold, following their disposal of the sister vessel *C. Emperor* (314,000-dwt, 2004 Samsung) in December for $34m. We account the slight discount on price to *C. Vision* having her twenty-year special survey due in June.

Following this, unnamed Turkish owners are understood to have paid $67.8m for the Samos Steamship owned Suezmax *Karvounis* (156,229-dwt, 2013 Sumitomo). The price appears very firm, especially when compared to the three-year-younger and 'eco' *Cherokee* (158,594-dwt, Hyundai Samho - ME engine) which fetched $72m back in October last year. Whilst we still have some way to go before we hit 2008 asset prices (10-year-old Suezmax around $85m at the time), it is interesting to see that we are approaching these levels despite lower earnings (2008 average Suezmax rate: $73,000 per day vs ~$50,000 per day YTD).

The final sale this week comes from Greek owners Sea World Management, who are understood to have committed their *Sea Hazel* (106,085-dwt, 2004 Tsuneishi) for $29m.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
Karvounis	156,229	2013	Sumitomo	Turkish	$67.8m	
Sea Hazel	106,085	2004	Tsuneishi		$29.0m	

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