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... Higher for longer pains US homebuyers ...

Mortgage Rates Climb Past 7% for the First Time in 2024

Average 30-year fixed mortgage rate in the United States



Source: Freddie Mac



statista

Source : Statista

*Raising the defence budget to 2.5% of national wealth by start 2030, amounting to a total of £75bn of new funding, making the UK the "arsenal of European democracy" according to former defence secretary, Ben Wallace. It must be an election year.

^See Foreign Policy's "The Strategic Seriousness of Olaf Scholz" which illustrates how effective the axis of adversaries (the CRINKS) is in dividing Europe within itself and in separating Europe from the US.

The CRINK axis of adversaries extends its influence far beyond Europe and the Middle East to Asia, Africa and Latin America. French and US forces have just left or been booted out of the Sahel and been replaced by Russians and Iranians.

**After the November US presidential election, we face the prospect of a returning president who may decide to pull the US out of Nato, leaving its European members to fully finance and stock its own military defence.

+US government debt has doubled in the past decade to \$35tn. Higher interest rates on this debt are pumping an additional \$50bn into the pockets of US and foreign bond investors every month. This is more stimulative rather than restrictive.

POINTS OF VIEW

The IMF has just released its latest quarterly World Economic Outlook. It foresees US GDP growth of 2.7% this year, higher than the 2.5% growth of 2023 and 0.6% above its last forecast of only three months ago. The main drivers of US economic growth this year are expected to be household spending and investment. If the US achieves this relatively strong growth, then it will be the strongest performer in the G7 in 2024 by far, with Canada next at 1.2%, less than half that of the US. Germany is predicted to be the weakest with only 0.2% growth. The UK comes in with 0.5%, France and Italy at 0.7% and Japan at 0.9%. The world economy is forecast to grow by 3.2%, advanced countries by 1.7%, the Eurozone by 0.8% and emerging markets by 4.2%. Within the latter grouping India is expected to be the best performer with 6.8% followed by China with 4.6%. Russia is put at 3.2% and Brazil at 2.2%. The IMF's forecasts for 2025 are World 3.2%, Advanced 1.8%, Eurozone 1.5%, EM 4.2%, US 1.9%, Canada 2.3%, UK 1.5%, France 1.4%, Germany 1.3%, Japan 1.0% and Italy 0.7%. EM and developing economies include India 6.5%, China 4.1%, Brazil 2.1% and Russia 1.8%. One current worry is inflation proving to be stickier than anticipated in the US which will delay the Fed's plan to lower interest rates, possibly until 2025. Higher for longer (inflation) and fewer and later (cuts) have caused the dollar to strengthen which has negative implications for many countries with dollar-based debt. Conversely, attractive US bond yields led to a global equity sell-off last week, with the Magnificent Seven a particular target.

This week we saw an early week snapback in global equities as the focus turned to the positive side of US economic growth (strong jobs, retail sales and corporate profits) rather than the negative side effects of persistent inflation and delayed rate cuts. But it is hard to ignore the elevated geopolitical tensions in Europe and the Middle East that cause spikes in oil and other commodity prices. On the flip side, a stronger dollar tends to weigh down on dollar-priced oil and other commodities. The priority today is defence. The UK has just announced that it will increase its defence spending to 2.5% of GDP* by 2030 from 2.3% today, above Nato's target of 2%. It also pledges to put the economy on a war footing which is assumed to be an attempt to mobilise the domestic industrial and manufacturing base for possible war. Over the pond, the US is calling out China's overproduction of all things (especially EVs, lithium batteries and renewables) which, given saturated domestic demand, will inevitably find their way into the export market. The threat to the European auto industry is most keenly felt in Germany which explains Olaf Scholz's disappointing appeasement trip to Beijing.[^] He put Germany's business interests ahead of European security. Unfortunately, US carping about Chinese subsidies and unfair competition is an admission that it did not see them coming. Xi is firing up manufacturing for export as a peaceful way of waging war on the West. It is too late to pull back. Meanwhile, the US cannot complain as Biden rolls out a 9% of GDP fiscal stimulus green revolution plan that is propping up inflation.

Now that the post-Cold War peace dividend has been lost, and we are in a new pre-war environment, it is time to roll back the welfare state and cut benefits, pushing shirkers back into work so they can contribute something to themselves and the economy. Renewed defence spending is going to be very expensive, but if we cannot defend the realm then all other issues are rendered irrelevant.** Returning to the US economy. What happened to that downturn that everyone was predicting? Its strong performance has been despite base rates rising from zero to above 5% in the past two years after almost 15 years of free money. Some young people did not even realise that borrowed money has to be paid for. The latest episode of modern monetary theory (as outlined in Bloomberg's "What if rate hikes are actually sparking a US economic boom?") reminds us that we are not all borrowers. Savers, after 15 years of nothing, have finally been able to lock in incoming interest at 5-6% gross,+ and they are going out and spending this windfall, compensating for the money troubles and reduced spending power of the indebted. Savers are the nearest equivalent to today's shipowners with money to burn. The strong US economy can also attribute its growth to the government's fiscal largesse as it tries to compete with China in the green revolution. Time will come when all that needs to be paid for but, for now, just enjoy it while we can.

Dry Cargo Chartering

Significant softening was seen across **Capesize** markets this week, with a slow start and fewer than anticipated fixtures emerging. Those that did were at consistently lower rates than last reported. Baltic Exchange time-charter averages dipped to \$18,012, a steep fall of \$5,531 from last Friday. From Australia, only Rio Tinto were active at the beginning of the week booking in four TBN positions for early-mid May dates for 170,000 mtons 10% Dampier/Qingdao. Freight ranged from \$10.10 pmt to \$11.20 pmt. BHP, NYK, and FMG all covered a position each for Port Hedland/China, with freight paid ranging from \$10.15 pmt to \$10.40 pmt. Simec were also linked to an Oldendorff TBN for 200,000 mtons 10% Whyalla/Qingdao for the end of May at \$15.80 pmt. Additionally, *Baltic Wolf* (177,752-dwt, 2010) fixed Teluk Rubiah/China for beginning of May at \$8.50 pmt. Elsewhere, Ore and Metal took a Solebay TBN ship for a Saldanha Bay/Qingdao run at \$18.65 pmt, while on Monday Rio Tinto fixed 140,000 mtons 10% Seven Islands/Djen Djen mid-May dates at \$11.50 pmt. From South America, we heard that Mercuria chartered *Maha Anosha* (169,056-dwt, 2009) for Tubarao option West Africa to China at \$26.10 pmt, and *Shine On* (179,406-dwt, 2015) was fixed by Anglo for 170,000 mtons 10% Acu/Qingdao at \$26.35 pmt.

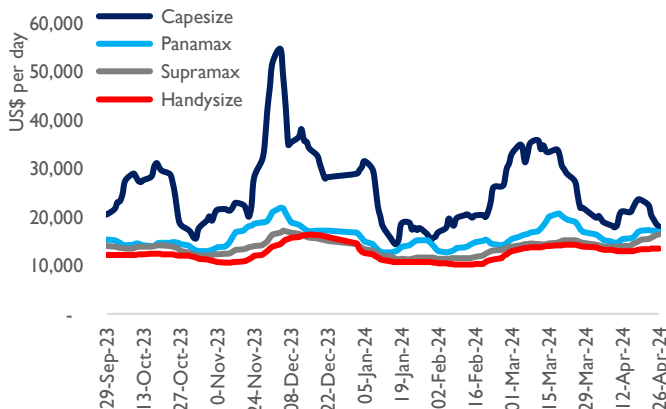
The **Panamax** market saw a slowdown this week with limited activity. The Atlantic hasn't gained any traction yet, with activity thinner than last week. In the North Atlantic, there are talks of slightly weaker bids and offers, which noticeably restricted business. Moving further south, rates for route P6 remained flat and lacked momentum. Overall, the Asian market showed weaker sentiment, with the tonnage count steadily increasing and Indonesia gradually falling away due to low demand. However, longer voyages saw firmer rates, particularly the NoPac grain clean tonnages which were able to command a small premium. P5 TC closed at \$16,900 down by \$346 since last reported on 19 April. In the Atlantic, *Puma Max* (81,339-dwt, 2012) delivery passing Brest 21 April fixed for a trip via North Coast South America & Mediterranean redelivery Cape Passero at \$15,500 with Louis Dreyfus. *Golden John* (84,508-dwt, 2023) Hamburg 28/30 April fixed for a trip via US Gulf redelivery Skaw-Gibraltar at \$18,000 with ENBW. From South America, late talk of *Pedhoulas Trader* (81,950-dwt, 2023) retro sailing Singapore 11 April fixed for a trip via East Coast South America redelivery Singapore/Japan at \$21,500 to Viterra. In the Pacific, *Darya Preeti* (81,981-dwt, 2019) Lianyungang fixed for a NoPac round trip at \$18,500, whilst Jera was linked to *Green Power* (94,998-dwt, 2004) Yantai 19/20 April for the same trip basis redelivery Japan at \$12,500. *Grampus Charm* (82,937-dwt, 2013) Bayuquan 21/22 April was secured at \$16,000 for a trip via North China redelivery Japan. On the period front, *BBG Hechi* (82,037-dwt, 2022) Dongjiakou 29 April fixed basis 1 year at \$19,250, whilst the geared and grabbed *Akij Glory* (76,302-dwt, 2006) Dahej end April fixed basis 3/5 months at \$16,500 to Lighthouse Navigation. The *CCS Orchid* (81,966-dwt, 2017) open Kashima end April was rumoured fixed basis 10/12 months at a rate in the mid-high \$18,000s to Smart Gain.

The **Supramax** market steadily continue to climb as it reached its highest levels recorded this calendar year. The cargo volume is healthy in the Far East which has seen that basin improve. The Indian Ocean too has followed sentiment improving in rates. As long as the cargo volume remains healthy the rates should stay firm. The SIOTC closed at \$16,441 up by \$1,103 since reported last Friday. In the Pacific, Tongli fixed *ASL Iris* (63,524-dwt, 2024) delivery Cebu 30 April for a trip via Indonesia to South East Asia at \$24,000 and *Xin Hai Tong 21* (56,884-dwt, 2011) was covered delivery Xiamen 2 May for a trip via North China to Arabian Gulf at \$17,500 for the first 45 days and \$19,000 thereafter. Whilst in the Indian ocean, Pacific Basin took *Shanghai Bulker* (56,719-dwt, 2012) delivery Jebel Ali prompt dates for a trip to Chittagong at \$19,000. In the Atlantic, Fednav fixed *Mileena* (58,018-dwt, 2010) delivery Port Said prompt dates for a trip with clinker to North Continent at \$15,000 whilst Oldendorff covered *Spar Corvus* (58,000-dwt, 2011) delivery US Gulf prompt dates for a trip with coal to the East Mediterranean at \$17,500. On the period front, Lighthouse took *Yasa Pembe* (55,912-dwt, 2007) delivery Progreso prompt dates for 4-6 months with redelivery in the Atlantic at \$16,000.

A mixed week for the **Handysize** market as BHSI closed today at \$13,523 up \$189 since last Friday. In the Atlantic, activity continued to slow, with limited April enquiry remaining and charterers reluctant to overpay for May stems. Activity in the US Gulf and US East Coast was reduced as the week progressed. *Aspri* (33,371-dwt, 2014) fixed from Port Arthur to East Coast Mexico with petcoke at \$17,000s with Norvic. *ES Honestly* (37,052-dwt, 2014) fixed delivery passing Cape Matapan via Iskenderun with clinker redelivery in the Caribbean at \$14,000 with Centurion. Pacific markets showed continued optimism, mirroring the positive sentiment in Southeast Asia and Australia. The region saw a steady stream of new inquiries. In Australia, a rise in cargo inquiries and a lack of South East Asian tonnage pushed up freight rates. *Pan Nova* (37,700-dwt, 2020) open Kwinana was heard fixed at \$20,500 DOP while the *African Pipit* (37,636-dwt, 2020) vessel was heard fixed at \$21,000 DOP for trip to the Middle East. Within South East Asia, *Mookda Naree* (30,162-dwt, 2009) open Manilla 22 April fixed for salt via Australia redelivery Indonesia at \$10,500. While for a trip to the Far East, *Ocean Beauty* (38,246-dwt, 2010) open Maptaphut 28-30 April was heard fixed via South East Asia redelivery North China at \$14,000. In the North China-Japan region, sources spoke of a change in sentiment, as cargo levels have been reduced resulting in a change in the balance of tonnage. *African Finch* (37,520-dwt, 2020) logger open Putian 22 April was heard fixed trip via Australia redelivery China \$13,000 while a 38k-dwt vessel open Qingdao was heard fixed at \$12,000 for a trip to South East Asia. On period, WBC took *Pan Bonita* (38k-dwt /2012) open Incheon fixed at the \$14,250 for 5-7 months while the *Handy Heidi* (33K, 2011) opening Trincomalee was heard fixed at \$14,000 with Lauritzen for short period.

Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate (\$)	Charterers	Comment
Green Power	94,998	2004	Yantai	19/20 Apr	Japan	\$12,500	Jera	Via NoPac
Golden John	84,508	2023	Hamburg	28/30 Apr	Skaw-Gibraltar	\$18,000	ENBW	Via US Gulf Via NoPac
Darya Preeti	81,981	2019	Lianyungang	24/25 Apr	Singapore-Japan	\$18,500	Daifu Ocean	
Puma Max	81,339	2012	Passing Brest	21 Apr	Passero	\$15,500	Louis Dreyfus	Via Mediterranean
Shen Hua 801	75,331	2013	Hong Kong	30 Apr	South China	\$13,200	Lotus Ocean	Via Indonesia Via Philippines
Jon Chao	63,518	2014	Zhanjiang	27/28 Apr	China	\$21,000	Cnr	Intention Nickel Ore
Mileena	58,018	2010	Port Said	Ppt	North Continent	\$15,000	Fednav	Intention Clinker
Aggeliki B	57,700	2011	Jorf Lasfar	Ppt	East Coast South America	\$20,000	Ultimar	Via Ust Luga Intention Fertiliser
ES Honestly	37,052	2014	Cape Matapan	Ppt	Caribbean	\$14,000	Centurion	Via Iskenderun Intention Clinker
Mookda Naree	30,162	2009	Manilla	Ppt	Indonesia	\$10,500	Cnr	Via Australia Intention Salt



Exchange Rates	This week	Last week
1 USD	156.80 JPY	154.46 JPY
1 USD	0.9319 EUR	0.9367 EUR
Brent Oil Price	This week	Last week
US\$/barrel	89.65	87.53

Bunker Prices (US\$/tonne)	This week	Last week
Singapore HSFO	537.0	524.0
VLSFO	657.0	652.0
Rotterdam HSFO	490.0	492.0
VLSFO	607.0	608.0

26 April 2024

Dry Bulk S&P

Activity in the secondhand market continues apace with plenty of action in Japanese built tonnage, and much like last week values are continuing to hold.

Both Capes sold this week are thought to have gone to Greek buyers. Firstly, *Frontier Unity* (181,415-dwt, 2012 Koyo) is understood to have achieved \$35m, the same price that the same aged sistership *Orange Tiara* (181,396-dwt 2012 Koyo) achieved a month ago. Although note that she could not deliver until the fourth quarter of this year. The Philippine (Korean affiliated) built *Lowlands Prosperity* (179,895-dwt, 2012 HHIC), which achieved \$30.5m, illustrates the significant contrast of values between Japanese tonnage and ships built at Korean yards and their affiliates.

Federal Island (63,452-dwt, 2017 Tadotsu Shipyard), reported sold last week, is said to have failed to Turkish owners, Ince, at a price of \$32.65, and since recommitted at a slightly higher figure.

Another, as yet unnamed Turkish buyer is reported to have paid \$23m for the older Ultramax *Ultra Rocanville* (61,683, 2012 Oshima). Two weeks ago, the same aged *Maritime Prosperity* (61,453-dwt, 2012 Shin Kasado) was sold for \$22.3m.

Navios are understood to have committed two of their Tsuneishi Zhoushan Supramaxes, *Navios Celestial* and *Navios Christine B* (58,000-dwt, 2009 Tsuneishi Zhoushan) in an enbloc sale for \$30m, Both ships have surveys due this year, in September and December respectively.

The 2015 built Handysize *Carlota Bolten* (37,489-dwt, 2015 Yangzhou Guoyu) is reported sold for \$18.8m to Greek buyers. She has an eco Wartsila main engine, and surveys due at the beginning of next year. The most recent comparable sale was the younger *Voge Sophie* (38,705-dwt, 2019 Taizhou Kouan) two weeks ago for \$26.6m with SS/DD freshly passed.

And finally, Imabari 28s continue their slow and steady sales with Vietnamese buyers this week said to have paid \$10.7m for the 2010 built *Khoi* (28,338-dwt, 2010 Imabari).

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
Frontier Unity	181,415	2012	Koyo		Greeks	\$35.0m	Scrubber Fitted
Lowlands Prosperity	179,895	2012	HHIC		Greeks	\$30.5m	
Lowlands Sage	82,577	2021	Tsunieshi			\$39.2m	TC attached to Cargill at \$16k/pd until Q1 2025
Federal Island	63,452	2017	Tadotsu Shipyard	C 4x31T		\$32.75m	
Ultra Rocanville	61,683	2012	Oshima	C 4x30T	Turkish	\$23.0m	
Navios Celestial	58,000	2009	Tsuneishi Zhoushan	C 4x30T		\$30.0m	En bloc, SS/DD Due
Navios Christine B	58,000						
Carlota Bolten	37,489	2015	Yangzhou Guoyu	C 4x30T	Greeks	\$18.8m	
Global Striker	32,976	2013	Hakodate	C 4x30T	Greeks	\$14.5m	
Khoi	28,338	2010	Shimanami	C 4x31T	Vietnamese	\$10.7m	



Tanker Commentary

With a lack of sales candidates and asset prices starting to approach historical highs, particularly in the Aframax sector, we continue to see a large number of secondhand buyers turning their attention towards circa 15 year old tonnage.

The standout deal this week is a brace of Aframaxes that Greek owners Stealth Maritime have offloaded to Chinese buyers. *Afragold* (112,871-dwt, 2009 New Times) has sold for \$41m with surveys due in November and the exact sister *Gstaad Grace* (113,021-dwt, 2009 New Times) has sold at a one-million-dollar premium having passed surveys earlier this year. Comparing these sales against the scrubber-fitted *Amax Arrow* (115,655-dwt, 2009 Samsung) which sold last week at \$43.5m would suggest a firming in prices when factoring in the premium for a scrubber and the more desired Korean design.

In the product sector, we have two MR2 sales to report. *Aries Pearl* (50,605-dwt, 2007 SPP) is reported sold for \$22.5m which is in line with *Hansa Oslo* (51,215-dwt, 2007 STX) that sold back in February for the same price. Vietnamese owners Vinalines have sold *Dai Minh* (47,148-dwt, 2004 Onomichi) for \$15.85m. The same aged but slightly smaller MRI *Valle Di Nervion* (40,218-dwt, 2004 HMD) has also been sold for \$15.3m with surveys due in July this year.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
Gstaad Grace	113,021	2009	New Times	Chinese	\$42.0m	SS/DD Passed
Afragold	112,871	2009	New Times	Chinese	\$41.0m	SS/DD Due
Aries Pearl	50,605	2007	SPP		\$22.5m	
Dai Minh	47,148	2004	Onomichi		\$15.85m	
Valle Di Nervion	40,218	2004	HMD		\$15.3m	SS/DD Due

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