



### POINTS OF VIEW

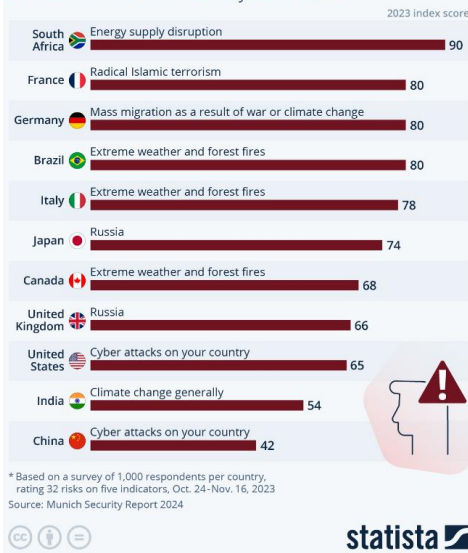
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...Black Swans and Bullish Bets...

#### Extreme Weather, Russia & Cyber Attacks Top Fears List

Public perceptions of the most severe risk per country based on the Munich Security Index 2024\*



Source : Statista

Ship Size	5yo Value (Japanese-built)	1-year eco TC Rate	3-year eco TC Rate
Capesize	\$58.4m	\$25,000/day	\$22,500/day
Kamsarmax	\$37.0m	\$17,400/day	\$14,700/day
Ultramax	\$34.9m	\$18,000/day	\$16,000/day
Handysize	\$28.5m	\$14,500/day	\$13,000/day

Sources: HSS except Capesize/Kamsarmax period rates - CRS. Basis Pacific delivery.

Across the drybulk market there has been a common complaint of late: period timecharter rates are too low to justify the current prices of modern second-hand ships and newbuildings. For some buyers, especially investors who look to de-risk their asset with 2–5-year charters, such deals seem almost impossible. Likewise, the usual Japanese model of building ships and placing them on long charters has become more challenging, those deals that have been done are largely to replace tonnage that has been sold out, not to expand. A quick glance at current values and period rates illustrates this chasm: a 5yo Japanese Ultramax is worth ~\$35m today, a 1-year TC may get \$18k/day, or \$16k/day for 3 years (albeit quite illiquid). This would generate between \$3.5m-\$4m/year after opex: leaving lots of residual exposure. This is the case across dry sectors (see table^). The last time prices were close to today's levels, 2 years ago in Q2-22, 1-year rates were just shy of \$30k/day and 3-year rates were over \$20k/day. Investments could be paid down quickly. Whilst second-hand values may be starting to peak, a huge adjustment would be needed to bridge this gap, and there are no signs of newbuild prices cooling either. In a world that no longer offers free-money and demands a return, outside Japan at least, these deals do not add up. This raises the question: what is causing this spread? The answer may be speculation: most recent second-hand deals or newbuild orders have been without charter cover. Owners can take a punt, safe in the knowledge that they have printed cash in the various bull markets seen in the dry, wet, container and gas sectors since 2020. Some of these buyers have long-term faith in supply-side dynamics: yards are full, and carbon regulations should start to hurt the huge chunk of non-eco ships built from 2009-13.\* Ordering an efficient conventionally fuelled ship today may pay dividends: but likely not until late in the decade. This explains some, but not all, of the mismatch.

It is also hard to ignore the extra volatility in shipping markets of late. The last 5 years have seen enough Black Swan events to last decades, most notably Covid-19, Russia invading Ukraine, the events of 7<sup>th</sup> October and the subsequent Red Sea attacks\*\*. These events all largely came out of the blue and took us by surprise, creating booms driven not by the usual mechanism of demand incrementally exceeding supply over time, but via sharp shocks that drove rates instantly. These events are not always good for rates, but the downside is typically \$0k/day, the upside is almost unlimited. In the last 5 years: VLCC rates have seen \$300k/day twice and LNG carriers hit \$400k/day. Previously unloved Panamax containerships fixed at \$200k/day and the container market is soaring again today. The drybulk market has seen Capesize spot rates exceed \$50k/day twice, even the normally more serene geared bulker market has been spiky. There are several trends making the world and shipping more unpredictable, which may increase the likelihood of new shocks in the future. Several major geopolitical fault-lines are simmering without quite boiling over: Russia vs the West, China vs Taiwan and the Philippines (and perhaps in-turn the US), Israel vs Iran and its allies. This is before we consider the carnage caused by climate change with increased frequency. Droughts have dried up the Panama Canal, as well as the Mississippi and Rhine rivers, record heatwaves in Asia have caused surges in coal demand, and extreme weather has upended harvests and grain trades.\*\*\* Political fragmentation, migration crises and trade disputes are both symptoms and causes of this chaos.

Shipping has always been volatile, but today it seems uniquely so and recent shocks are fresh in the mind. Instant dissemination of news and data, combined with active paper markets, further amplifies these spikes. Who can blame a cash-rich owner, who can afford to be patient, for seeing this carnage and wanting exposure to the spot market and a possible spike in rates? This then puts the pressure on the operators to pay-up for longer periods, but recent earnings in the spot markets have been too low to justify pushing long-term rates any higher. Many operators already feel they are over-paying as it is. Taking a risk on an unknown or unnamed event happening out of the blue is an unconventional strategy. On paper, basic supply and demand numbers do not really add up, but for owners, the perceived chance of an event that sends rates skywards seems as high as ever. This uncertainty has created a stand-off throughout the market: period rates are too high against spot rates, but at the same time they are too low against prices.

\*We estimate that by Jan-27 40% of the Handysize/Supra/Ultramax fleet will be aged over 15 years old.

\*\*The term "Black Swan event" became re-popularized by Nassim Nicholas Taleb, describing it as: an outlier event with high impact, which is subsequently rationalised after the fact. It is debatable whether some of the trends discussed in this paragraph are really that unforeseeable, but they undoubtedly have instant and unpredictable impacts.

\*\*\*In an article on Bloomberg this week (*The Era of Super-Wild Weather is Already Here – 18 June 2024*), it was suggested that "the term global warming itself suggests a kind of predictability that may no longer suit the times... it's much more appropriate to call it global weirding... our weather is getting much weirder."

## Dry Cargo Chartering

A more consistent week for **Capesize** markets with the momentum from the end of last week continuing. Increased activity in the South Brazil markets on Thursday led to positive sentiment being reflected in stronger bids for a seemingly more abundant supply of cargoes. Freight prices from the South Atlantic and Australia rose steadily throughout the week, and timecharter averages ended at \$26,059, a rise of \$1,534 from last week. Freight paid by Rio Tinto from Western Australia this week ranged from \$10.55 pmt up to \$11.00 pmt for early July dates. We also heard that BHP took one TBN position ex. Port Hedland at \$10.65 pmt, while Costamare fixed *Star Boston* (177,827-dwt, 2007) for 170,000 mtons 10% Whyalla/Qingdao at around \$15.25 pmt. From Brazil, Vale fixed *Bulk Mexico* (176,354-dwt, 2010) and *Cape Astra* (169,232-dwt, 2009) for Tubarao/China both at \$26.50 pmt on Tuesday, and Cosco chartered *Mineral Hokusai* (207,219-dwt, 2015) for the same route at the end of July at just under \$27.50 pmt. We heard on Monday that CSN took a Swissmarine TBN for 170,000 mtons 10% Itaguaí/Qingdao mid-July dates at \$27.25 pmt, while ST Shipping were linked to *GCL Dunkirk* (180,953-dwt, 2022) for 160,000 mtons 10% Bolivar/Zhoushan at \$33.25 pmt. Further north Rio Tinto covered two Seven Islands cargoes, one to Oita at \$32.55 pmt and one to China at \$32.70 pmt. On the coal front, Oldendorff fixed 130,000 mtons 10% Newcastle/Mailiao 1/10 July at \$14.00 pmt. On timecharter, Deyesion fixed *Mineral New York* (175,841-dwt, 2010) delivery Gwangyang prompt for a trip via Newcastle to China at \$28,000 option India redelivery at \$24,000. Additionally, ST Shipping took on *Navios Koyo* (181,415-dwt, 2011) delivery China early July until the end of 2025 at \$30,000 for the balance of 2024 and index-linked at 118% for 2025.

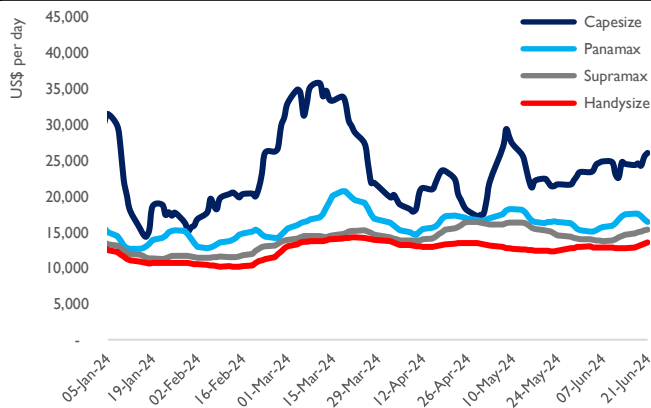
The **Panamax** market continued to soften further with both basins lacking any meaningful impetus needed to support rates. PSTC closed at \$16,441 down by \$1,105 since last reported 14 June. Activity in the Atlantic was largely muted. South American sources commented that many more ballasting positions appeared to creep into the market with some nervousness emerging. Charterers were quick to realise this and have retracted any bids or are lowballing particularly for route P6. Asia continued to shed further value too with little fresh demand seen. There remains a wide bid/offer gap in the north for the longer trips, whilst further south, brokers spoke of an easing market ex Indonesia. In the Atlantic, *Agios Makarios* (80,928-dwt, 2017) fixed delivery aps East Coast South America 8 July for a trip redelivery Singapore-Japan at \$20,000 plus \$1m bb with Cosco. In the Indian Ocean, *Ocean Pride* (82,399-dwt, 2021) open Haldia 19 June was fixed for a trip via East Coast South America again redelivery Singapore-Japan at \$21,750. In the Pacific, *Dart Trader* (79,467-dwt, 2011) open Hong Kong 22/23 June fixed for a trip via Indonesia redelivery Philippines at \$13,800 to Oldendorff, whilst *Chailease Glory* (76,633-dwt, 2003) open Dongguan 20 June fixed for a trip via Indonesia redelivery South China at \$15,750 to Lian Yi. *Uno* (93,271-dwt, 2009) open Hong Kong 14/15 June fixed for a trip via Indonesia redelivery West Coast India at \$13,000. On voyage, SAIL fixed a TBN ship for their 75,000 mtons 10% coal lift HPCT/Visakhapatnam 15/24 July at \$19.10 pmt. Reported period deals this week include Cobelfret taking on *Myrsini* (82,117-dwt, 2010) delivery Jinzhou for 7/9 months trading redelivery worldwide at \$17,100.

The **Supramax** market has shot up in the past fortnight. With a lot of seasonal optimism, the Atlantic has finally caught some momentum. The S10TC closed at \$15,382 up by \$1,143 since reported last Friday. In the Pacific, Cosco covered *Roberta* (63,404-dwt, 2015) delivery Samalaju prompt dates for a trip via Indonesia to China at \$18,750, and *Sand Topic* (59,914-dwt, 2017) was taken delivery Tawau 24 June for a trip via Australia to West coast India at \$20,000. Whilst in the Indian ocean, Seacon fixed *Sarocha Naree* (63,046-dwt, 2017) delivery Karachi prompt dates for a trip with salt to China at \$18,000 and *Dubai Sun* (61,344-dwt, 2010) delivery retro sailing Hambantota 14 June for a trip via South Africa with manganese ore to China at \$17,500. In the Atlantic, Pacific Basin fixed *Philhokusai* (61,197-dwt, 2022) delivery Garrucha prompt dates for a trip to United States East Coast at \$13,000. Whilst on the period front, Drydel covered *Ultraz* (64,043-dwt, 2018) delivery Koh Si Chang 21/26 June for a period up to a minimum September 2024 and a maximum December 2024 with redelivery worldwide at \$19,500.

A positive week for the **Handysize** market with BHSI closing at \$13,548, up by \$745 from last reported. Plenty of activity in the East Mediterranean, with a flurry of cement cargoes entering the market for July dates boosting sentiment, although little reported fixtures as of yet. Expect to see gains from next week. There was a stand-off on the Continent, as owners and charterers battle it out to see who will blink first, with owners pushing up on the rates but charterers holding out. A 37k-dwt was heard fixed at \$16,000 for a Baltic to West Africa run. *Alerce* (37,967-dwt, 2023) open Morocco fixed from Jorf Lasfar via St Lawrence redelivery Continent-Mediterranean range with agriproducts at \$14,000 to Pioneer. *Pavida Naree* (35,339-dwt, 2018) in the Black Sea fixed \$13,550 for a Constanza to Morocco grains run with Alpina. There were more positivity in the US Gulf as owners continued to see large gains with a lack of prompt tonnage. *Yasa Osaka* (37,403-dwt, 2023) fixed for a trans-Atlantic trip at \$17,000. *Four Turandot* (34,428-dwt, 2012) open Puerto Cabello 19/20 June was fixed for two to three laden legs with Atlantic redelivery. Some heard it was \$13,500 and others heard it was basis delivery SV Pass at \$15,500. Rates cooled in the South Atlantic, *ES Care* (35,510-dwt, 2015) fixed delivery Santos end June for a grains run basis redelivery Morocco at \$16,500. A 36k-dwt was also heard fixed at \$14,500 delivery Vila de Conde for a trip to Norway at \$14,500. In the Pacific, there have been mixed feelings for South East Asia and Australia possibly due to a slow return from holidays earlier this week, with numbers softening for prompt tonnage. Forecasted improvements to come for tonnage opening on later dates, with healthy forward cargo list. A 28k-dwt open Malaysia was heard fixed at \$11,000 to East coast India, while a 30k-dwt open Myanmar was heard fixed at \$9,500 to East Coast India. In the North China-Japan region, there was more optimism. *Spring Breeze* (36,258-dwt, 2012) open Onsan 25 June was heard fixed at \$15,000 for a trip to Pacific Gulf. *Cresty* (35,977-dwt, 2014) open CJK 23 June was heard fixed in the mid-\$12,000's for trip to South East Asia with fertilisers.

### Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate (\$)	Charterers	Comment
Mercury Rising	81,870	2015	Zhoushan	Ppt	Continent	\$7,500	WBC	Via NoPac
Echo GR	81,070	2014	East Coast South America	1/10 Jul	Singapore-Japan	\$21,000	Raffles	-
Unity N	79,642	2011	CJK	18/22 June	Japan	\$16,000	NS united	Via North China
Dart Trader	79,467	2011	Hong Kong	22/23 June	Philippines	\$13,800	Oldendorff	Via Indonesia
Chailease Glory	76,633	2003	Dongguan	20 June	South China	\$15,750	Lianyi	Via Indonesia
Roberta	63,404	2015	Samalaju	Ppt	China	\$18,750	Cosco	Via Indonesia
Dubai Sun	61,344	2010	Hambantota	14 June	China	\$17,500	Cnr	Via South Africa
SFL Sara	56,869	2011	Hong Kong	20 June	Thailand	\$12,000	Cnr	Via Indonesia
Tasan	37,852	2010	Singapore	Ppt	Continent	\$12,000	Panocean	Via Cigading
Yasa Osaka	37,403	2023	SW Pass	Ppt	Ireland	\$17,000	Fednav	-



Exchange Rates	This week	Last week
1 USD	158.95 JPY	157.23 JPY
1 USD	0.9351 EUR	0.9342 EUR
Brent Oil Price	This week	This week
US\$/barrel	85.96	83.26

Bunker Prices (US\$/tonne)	This week	Last week
Singapore HSFO	535.0	517.5
VLSFO	622.0	607.0
Rotterdam HSFO	504.0	496.5
VLSFO	570.0	560.5

21 June 2024

## Dry Bulk S&P

The market has restarted after the Posidonia ceasefire with some vigour. A wide spectrum of vessels have changed hands at prices that maintain the benchmarks. Chinese buyers in particular have faith in the market and they dominate the older half of the sales table.

Once again, Capesize tonnage continues to find willing buyers. *Courageous* (181,006-dwt, 2016 SWS) is sold to Maran for \$50.5m. The scrubber-fitted Newcastlemax *Hermann Oldendorff* (209,243-dwt, 2016 Taizhou CATIC) is sold for \$55m.

Another auction sale has given a decent discount to the buyers of BBG *Qinzhou* (81,608-dwt, 2019 Xingang) at \$30.05m with surveys due. By contrast, decent competition for the Japanese-controlled *Livia Rose* (81,828-dwt, 2018 Tsuneishi Zhoushan) pushed the price to \$35.6m with Korean owners HMM reported as the buyers.

For the Ultramaxs, the scrubber-fitted *Beate Oldendorff* (62,623-dwt, 2020 Oshima) is sold for \$38.3m - again as per benchmarks.

Chinese buyers have scooped up the remainder of the list. *Almira* (61,496-dwt, 2011 Shin Kasado) managed a healthy \$21.5m despite an imminent drydocking. For the Supramaxes, *Genco Warrior* (55,435-dwt, 2005 NACKS) is sold at \$12m, pretty much what we would expect a "pure" Japanese unit to fetch. *Tai Hunter* (55,418-dwt, Oshima 2007) achieved a better than expected \$14.8m.

Finally for the Handies, the nineteen-year-old *Charana Naree* (33,720-dwt, 2005 Shin Kochi) is sold for \$10.75m. At that price, one has to conclude there is plenty of life left in her.

## Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
Hermann Oldendorff	209,243	2016	Taizhou CATIC		HMM	\$55.0m	Scrubber fitted
Courageous	181,006	2016	SWS		Maran	\$50.5m	
Stella Hope	180,007	2016	Dalian		Capital	\$49.7m	DD due
BBG Qinzhou	81,608	2019	Tianjin Xingang			\$30.06m	SS/DD due. Online auction
Livia Rose	81,828	2018	Tsuneishi Zhoushan			\$35.6m	
Beate Oldendorff	62,623	2020	Oshima	C 4x30T	Europeans	\$38.3m	Scrubber fitted
Almira	61,496	2011	Shin Kasado	C 4x31T	Chinese	\$21.5m	DD due
Genco Warrior	55,435	2005	NACKS	C 4x31T	Chinese	\$12.0m	
Tai Hunter	55,418	2007	Oshima	C 4x30T	Chinese	\$14.8m	
Charana Naree	33,720	2005	Shin Kochi	C 4x30T	Chinese	\$10.75m	OHBS



## Tanker Commentary

With a lack of genuine sales candidates and ever-increasing asset values for modern 'eco' vessels, it comes as no surprise that our sales table is once again stocked full of 10-15 vessels this week.

The stand-out sale is the *C. Prosperity* (313,525-dwt, 2009 Hyundai Ulsan - scrubber fitted) which initially invited offers last Thursday and has now been concluded for a touch above \$51m basis special surveys and dry dock due. A number of sizable Greek owners were in the running, though the eventual buyers are understood to be from the Middle East. Even when factoring the vessels survey positions, the price does appear to be soft when compared to Sinokor's purchase of *Newton* (307,284-dwt, 2009 Dalian) for \$53.5m back in March.

Product markets have again been busy this week. Greek owners, Grace Management are understood to have sold *Avra Patros* (74,998-dwt, 2008 Sungdong - epoxy) to compatriot owners for \$29.75m. The price is a small step up on the sale of the sister ship, *Alpine Persefone* (74,269-dwt, 2008 Sungdong - epoxy) which was snapped up by Spring Marine for \$29m in late April.

We conclude this week's report in the MR market where three sales have been agreed. Greek controlled *Dignity* (50,392-dwt, 2010 GSI - epoxy phenolic) has been sold for \$29m - once again very much in line with last done two-year-younger sister ship *Alhena* (52,420-dwt, 2012 GSI - Epoxy Phenolic) which fetched \$32m earlier this month. This sale was followed by *Neutron Sound* (49,997-dwt, 2007 SPP - Epoxy) being concluded at \$23m and Chinese owned *CSC Progress* (45,791-dwt, 2007 Jinling - Epoxy) fetching \$21m with her dry docking due in September this year.

### Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
<i>C. Prosperity</i>	313,525	2009	HHI		\$52.5m	Scrubber fitted. SS/DD due
<i>Avra Patros</i>	74,998	2008	Sungdong	Greek	\$29.75m	
<i>Dignity</i>	50,392	2010	GSI		\$29.0m	
<i>Neutron Sound</i>	49,997	2007	SPP		\$23.0m	
<i>CSC Progress</i>	45,791	2007	Jinling		\$21.0m	DD due

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](mailto:chartuk@hartlandshipping.com)  
Email: [snpuk@hartlandshipping.com](mailto:snpuk@hartlandshipping.com)  
Email: [consult@hartlandshipping.com](mailto:consult@hartlandshipping.com)

**Hartland Shipping Services Ltd,  
Shanghai**

Tel: +86 21 2028 0618  
Email: [newbuild@hartlandshipping.com](mailto:newbuild@hartlandshipping.com)

**Hartland Shipping Services Pte. Ltd,  
Singapore**

Tel: +65 8223 4371  
Email: [chartops.sg@hartlandshipping.com](mailto:chartops.sg@hartlandshipping.com)

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