



### CONTENTS

2. Dry Cargo Chartering  
A Cape Christmas
3. Dry Cargo S&P  
Capes - Discounted Online?
4. Tankers  
Products Join the Party

## THE BIGGER PICTURE

... The Fog of Wars ...



Source: Pinterest

\*A worst case scenario of interest rates going from 0.75% to 5.5%, the economy shrinking by 8%, over a million jobs lost, houses down 30%.

^China imposes a 40% tariff on US auto imports, compared with a more standard 15%, and has imposed a 25% tariff on US farm products.

\*\*It is being rumoured that last week's hacking into Marriott computers was China-led and for espionage rather than financial motives.

^^China's biggest LNG supplier is nearby Australia at >50% but new US LNG export projects need to sell to China to get FID approval.

## POINTS OF VIEW

Last week we were waiting expectantly on the outcome of various domestic and international events. On the domestic front, Brexit is an interminable subject. A war of words has broken out between the existing Bank of England governor, Mark Carney, and his predecessor, Mervyn King. Lord King, a Brexiteer, is dismayed that the BoE governor has engaged in a project to scare the country in support of Mrs May's withdrawal 'deal', which is actually as aspirational wishlist rather than a deal. His dire economic predictions of a no deal event seem intended to favour the only deal on the table, Mrs May's. The Bank foresees all forms of Brexit producing slower economic growth than staying in the EU, while a disorderly no deal will cause more damage to the UK than the global financial crisis, which happened when Lord King was in charge. Lord King's view of Mrs May's deal is: "There are arguments for remaining in the EU and arguments for leaving. But there is no case whatever for giving up the benefits of remaining without obtaining the benefits of leaving. Yet that is exactly what the government is now proposing." Mr Carney defended his scenarios that he said are the work of 170 bank officials over two years: "We didn't just stay up all night and write a letter to the Treasury committee." Lord King still objects to what he views as an implausible no deal scenario\* that prejudices BoE political neutrality: "It simply beggars belief that a government could be hell-bent on a deal that hands over £39 billion, while giving the EU both the right to impose laws on the UK indefinitely and a veto on ending this state of fiefdom." It is bad deal for both leavers and remainers. Conventions are being broken in this heated debate. On Tuesday we have the 'meaningful vote' in parliament. It may provide clarity, but more likely a pea-souper.

On the international front, we have another hot topic in which conventions are being broken and where clarity is lacking: the status of the US-China trade dispute that sees a 3-month standstill on US plans to raise tariffs on \$200 billion of Chinese imports from 10% to 25%. Last Saturday, after the Trump-Xi meeting in Argentina, Mr Trump hailed a breakthrough, promising that Chinese imports of soybeans would resume "immediately" and import tariffs on US-made cars would be reduced or revoked.^ Stock markets rallied briefly on Monday before reversing on Tuesday in the absence of Chinese confirmation. Finally, on Wednesday, China's commerce ministry obtusely stated that it was confident of reaching an agreement with the US, with no timeline given, just as the NDRC outlined tougher penalties on companies caught infringing intellectual property rights. World stock markets plunged after Mr Trump unhelpfully tweeted his reaction to the perceived backsliding: "We are either going to have a REAL DEAL with China, or no deal at all – at which point we will be charging major tariffs against Chinese product being shipped into the US." Markets fell further on Thursday on news that Canadian officials had arrested the CFO of Chinese telecoms company Huawei for extradition to the US for alleged Iran sanctions violations, escalating the US-China IPR dispute.\*\* Mr Trump's unorthodox sledgehammer approach has replaced diplomacy in his bipolar, bilateral and binary world. But the challenges he, the US and the world faces are different to those that Bush Senior faced, who was buried this week. Conventional approaches no longer work.

US crude oil is currently not subject to Chinese import tariffs, but US LNG is taxed at 10% and US soybeans at 25%. China has almost ceased importing these commodities from the US, sourcing them at ease from other suppliers, causing the price of each to fall. They may be cheap enough to buy despite tariffs, but this would ignore the imperative that economics kowtow to politics in China's trade and foreign policy; what Xi wants, Xi gets. In less than a week since Argentina, US-China trade friction is rising instead of falling, meaning higher taxes on both nation's consumers. While US crude oil was not on Beijing's tariff list, Chinese buyers still voluntarily avoided it from mid 2018. China had become the largest importer of US crude averaging 0.33m-bpd in the first nine months of 2018, from a peak of 0.47m-bpd in January, then down to zero in October. Early signs are that this may reverse if Chinese refiners are allowed to take advantage of low US oil prices and maximise imports ahead of the new March 1st deadline. In 2017, China bought 33mt of US soybeans, 34% of its total purchases. Since July, tariffs caused this trade to vanish. China bought no US LNG in October right after Beijing imposed a 10% import duty. To mid September, China imported only 1.6mt out of total US exports of 14.9mt, yet it is forecast to import 53mt this year, 36% up on 39mt in 2017, making it the world's No.2 importer after Japan. Politics could sink final investment decisions on new US LNG export projects^^ and are set to interfere even more in shipping and trade in 2019.



## Dry Cargo Chartering

The **BDI** closed the week at 1,372. This was up from last weeks close of 1,231. This week the **cape** market kept the positive momentum, with the TCE finishing the week at \$17,219, up from last weeks close of \$13,816. In the Atlantic there was a rumoured fixture out of Boliva into Karabiga at around the \$10 level. Trafigura fixed the *Ina* (176,423-dwt, 2003) delivery Brazil for a trip into Singapore-Japan \$10,000 plus \$850,000 bb. In the Pacific, there were rumours that West Coast Aussie to China was being fixed excess \$9. Panocean fixed *Great Jin* (175,868-dwt, 2010) a Koch relet delivery Higashi-Harima for a trip via Australia into Korea at approx. \$19,150 and Pacific Bulk fixed *Cape Condor* (180,253-dwt, 2010) for 2 laden legs within the Pacific delivery Qinghuandao at \$14,500. Ssangyong fixed *Aquabella* (177,216-dwt, 2005) for a Pacific round voyage delivery South Korea at \$16,000. There was no reported action on the period side of things this week.

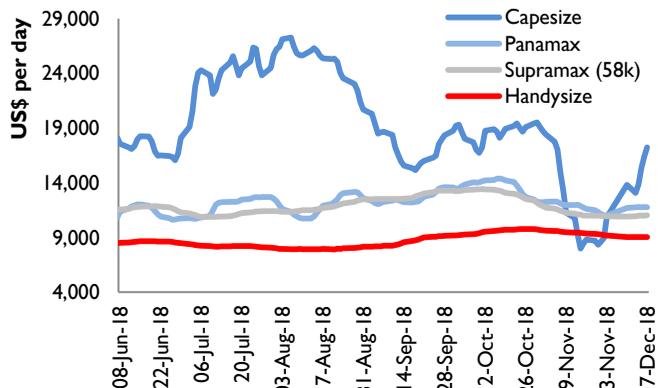
The **panamax** market remained relatively flat this week, finishing the week at \$11,748, slightly up from last week close of \$11,694. In the Pacific, Oldendorff fixed the *Honest Sky* (95,719-dwt, 2013) delivery Hitachinaka for a prompt trip via Roberts Bank redelivery Japan at \$15,000. The *Coral Sapphire* (76,627-dwt, 2006) fixed delivery Kawasaki for a trip via NoPac with coal redelivery Singapore-Japan at \$11,000. The *Rising Himeji* (88,888-dwt, 2017) was taken by Ssangyong delivery Kinuura for a trip via Newcastle redelivery Korea at \$13,800. In the Atlantic, Klaveness took the *Maha Aarti* (77,250-dwt, 2006) delivery 'when where ready' New Orleans facing upstream for a trip Egypt redelivery Passero with grains at \$13,500 with \$350,000 bb.

Oldendorff fixed the *Jing Lu Hai* (77,927-dwt, 2015) delivery Gibraltar for a trip via Kamsar redelivery Stade at \$13,500. On the front haul, the *Captain George* (82,140-dwt, 2013) fixed delivery Rio Grande for a trip redelivery Indonesia at \$15,250 plus \$525,000 bb. On the period, SDTR took the *Marianne Stoeger* (81,402-dwt, 2011) delivery Zhanjiang for 5-8 months redelivery worldwide at \$11,900.

The **supramax** market closed the week at \$10,725, down from last weeks \$10,915. The **handy** market closed the week at \$9,025, also down from last weeks close of \$9,043. Rates varied on the supras in the Atlantic. Klaveness fixed *Sunleaf Grace* (61,683-dwt) delivery Southwest Pass for a trip redelivery Egypt with coal at \$21,750. Reports that rates were softening in the East Mediterranean. It was a different story in the Pacific with rates picking up. The *Red Azalea* (61,299-dwt, 2015) fixed delivery Qinzhou for trip via Indonesia Redelivery China \$10,000. *Asia Zircon I* (53,661-dwt, 2011) delivery Samarinda fro trip via Indonesia redelivery Thailand fixed at 10,250 at Norvic. On the handys, it was a fairly stable week in the Atlantic, however Pacific rates continued to soften. NYK took the *Explorer* (34,147-dwt, 2012) delivery Brunswick for a trip redelivery UK/Continent with wood pellets at \$15,000. The *Bright Star* (34,529-dwt, 2011) fixed delivery Canakkale for a trip via Black Sea redelivery Spain at \$13,750. *Miss Simona* (34,000-dwt, 2010) fixed delivery Casa for a trip to the Black Sea at \$9,850. In the Pacific, *Hamburg Way* (39,376-dwt, 2016) delivery Surabaya fixed for trip via Australia redelivery South Korea at \$15,000. On the period front. *EM Sapphire* (54,768-dwt, 2009) delivery Zhoushan fixed for 4-6 months worldwide trading at \$9,750.

### Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate (\$)	Charterers	Comment
Great Jin	175,868	2010	Higashi-Harima	10 Dec	Korea	19,150	Panocean	Via Australia
Ina	176,423	2003	Brazil	13 Dec	Singapore-Japan	10,000	Trafigura	+ \$850,000 bb
Honest Sky	95,719	2013	Hitachinaka	PPT	Japan	15,000	Oldendorff	Via Roberts Bank
Ibis Wind	82,937	2013	Gijon	5 Dec	Skaw-Gibraltar	14,750	Ultrabulk	2/3 Laden legs
Captain George	82,140	2013	Rio Grande	1/5 Jan	Indonesia	15,250	ECTP	+ \$525,000 bb
Sunshine Bliss	76,441	2010	Busan	PPT	Philippines	10,550	CNR	Via NoPac
Serenitas N	56,556	2011	Richards Bay	PPT	PG-WCI	11,850	Oldendorff	+ \$185,000 bb
Asia Zircon I	53,661	2011	Samarinda	PPT	Thailand	10,250	Norvic	Via Indo
Bright Star	34,529	2011	Canakkale	PPT	Spain	13,750	CNR	Via Black Sea
Explorer	34,147	2012	Brunswick	11/15 Dec	UK/Cont	15,000	NYK	Wood-Pellets



Exchange Rates	This Week	Last week
JPY/USD	112.77	113.51
USD/EUR	1.1377	1.1322

Brent Oil Price	This Week	Last week
US\$/barrel	63.29	58.80

Bunker Prices (\$/tonne)	This week	Last week
Singapore IFO	406.0	410.0
MDO	551.0	560.0
Rotterdam IFO	356.0	359.0
MDO	533.0	533.0



## Dry Bulk S&P

The volatile capesize chartering market has carried on this week, helping to drive activity in the 2nd hand sector. The Baltic Exchange capesize index has rise \$3,500 over the course of the week. This volatility provides scope for both Buyers and Sellers to believe they're doing the right thing by going long or getting out. The only sales we have to report this week are capes built between 2010 and 2012.

The oldest cape sold this week was *Five Star Beijing* (181,417-dwt, 2010 Sasebo) committed at auction in China for the reserve price RMB 158,400,000 (equivalent to about 23m USD). We understand the soft price is a result of a complicated auction process which deterred participation and the fact that the vessel had been laid up for a couple of years. However, that said we believe the vessel was relatively well maintained during her long confinement. Clearly in light of the other sales this week she cannot be said to have achieved market levels.

A sale which can be viewed as a benchmark is *Frontier Coronet* (182,674-dwt, 2011 KHI). Sold by Japanese owners who widely marketed the ship and invited offers at the start of the week. We understand she is committed at \$29.5m to Unisea.

Elsewhere, in an off-market transaction Capital are rumoured to have flipped their *Amorito* (179,322-dwt, 2012 Sungdong). Capital paid \$22.8m for her two years ago and we understand she's now committed to Hyundai Glovis for \$32.5m.

Lastly *Shagang Hongchang* and *Shagang Hongfa* (179,500-dwt, 2011 HHI) have been reported as committed to an undisclosed Buyer region \$66m en bloc. There is a suggestion these two units will be chartered back to the seller, however at the time of writing the rate and duration have not emerged.

### Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price \$m	Comment
Frontier Coronet	182,674	2011	Kawasaki HI	-	Greeks	29.5	
Five Stars Beijing	181,417	2010	Sasebo HI	-	Alpha	23.0	at auction
Amorito	179,322	2012	Sungdong Shipbg	-	Glovis	32.5	
Red Jacket	52,224	2008	Oshia Shipbg	C 4x30	undisclosed	14.1	

### Demolition Sales

Vessel	DWT	Built	Yard	Type	LDT	Price (\$)	Delivery
Shinyo Brilliance	172,589	2001	Nippon Kokan	Bulk	21,198	440	'as is' Singapore
Pearl	44,000	1997	DAHK Chernomorskyi	Tank	12,615	450	'as is' Singapore
MSC Mirella	25,904	1989	Brodogradiliste	Cont	11,197	undisclosed	India



## Tanker Commentary

The Christmas parties are well under way, and tanker owners are certainly more jolly than a year ago. The strong crude market has now started to spill over to the products sector and rates are up across the board. LRIs are up over 80% at \$20,596, the MR Atlantic basket is paying in excess of \$30,000 per day whilst LR2s are paying similar. Despite this, we only have two sales to report this week. The Japanese controlled MR *Maersk Mizushima* (45,000-dwt, 2009 Shin Kurushima) is reported to have been sold for \$16m, re-affirming the benchmark set on the *High Pearl* (48,000-dwt, 2009 Iwagi) two weeks ago.

In excess of 30 Japanese built pumproom type MRs have now changed hands this year, which is considerably down on the historical average, but still a firm number given the lack of general activity on tankers.

At the time of writing we understand the LR2s *Gulf Valour* & *Gulf Vision* (114,000-dwt, 2012/2013 Samsung) are trading in the low/mid \$60s. We expect to be able to report more on this next week, but with the firm interest in the sector, it will be interesting to see what price the Sellers finally achieve.

### Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price \$m	Comment
Navion Scandia	126,749	1998	Astilleros	Andromeda	undisclosed	Shuttle Tanker
High Trader	49,990	2015	Hyundai-Vin	Japanese	27.0	10 yr BB back with purchase obligation
Maersk Mizushima	45,996	2009	Shin Kuru	undisclosed	16.0	

### Tanker Fixtures

Vessel	DWT	Built	Yard	Period	Rate (\$/pd)	Charterer
Shamrock	156,500	2011	Jiangsu Rongsheng	9 mths	19,000	Trafigura Beheer
Ellie Lady	112,000	2009	Sungdong	9 mths	17,000	Vitol
Bareilly	106,100	2005	Hyundai Samho	6 mths	15,500	Navig8
Swarna Jayanti	104,900	2010	Hyundai HI	6 mths	17,250	Koch Logistics
Flagship Violet	75,300	2011	Hyundai HI	1 yr	13,750	Total
Petali Lady	71,800	2004	STX	6 mths	13,500	Clearlake
Analipsi Lady	71,800	2005	STX	6 mths	13,500	PV Trans
Nave Bellatrix	50,000	2013	Dae Sun	6 mths	11,500	ST Shipping
Inviken	37,900	2009	Hyundai Mipo	1 yr	11,500	Trafigura Beheer
Zambezi Star	37,900	2010	Hyundai Mipo	1 yr	11,500	Trafigura Beheer

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  
 Fax: +44 20 7240 9603  
 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: +86 212 028 0618  
 Fax: +86 215 012 0694  
 Email: [snpcn@hartlandshipping.com](mailto:snpcn@hartlandshipping.com)

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

Tel: +65 6702 0400  
 Email: [projects.sg@hartlandshipping.com](mailto:projects.sg@hartlandshipping.com)

© Copyright Hartland Shipping Services Ltd 2018. ALL RIGHTS RESERVED.

No part of this publication may be reproduced, stored in a retrieval system, or transmitted, on any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without the prior written permission of Hartland Shipping Services Ltd.

All information supplied in this paper is supplied in good faith, Hartland Shipping Services Limited does not accept responsibility for any errors and omissions arising from this paper and cannot be held responsible for any action taken, or losses incurred, as a result of the details in this paper. This paper is distributed to the primary user of the delivery email account and may NOT be redistributed without the express written agreement of Hartland Shipping Services Limited. The primary user may make copies for his or her exclusive use.