



CONTENTS

2. Dry Cargo Chartering
Sleigh Ride
3. Dry Cargo S&P
Festive Opportunity
4. Tankers
Products Party On

THE BIGGER PICTURE

... Indecision Rules ...



Source: The Times

POINTS OF VIEW

The world has been turned on its head since the global financial crisis of 2007-08. Since then, the actions of governments, central banks and multilateral institutions appear to have generated more wealth for the better-off and greater hardship for the less well-off. This has fuelled the rise of populism, unilateralism and autocracy at the expense of a more collaborative, multilateral and democratic approach to politics and diplomacy. Populism might best be illustrated by Brexit, unilateralism by the US under Donald Trump and autocracy by Xi Jinping's China and Vladimir Putin's Russia. The western world faces increasingly divided and polarised political forces as seen in the UK between Conservative and Labour, in the US between Republican and Democrat and in France between En Marche and the rest. Absolute rulers in some other countries adopt a more brutal and robust approach to law enforcement as shown by Erdogan in Turkey, MbS in Saudi Arabia and Duterte in the Philippines. In the US, the president threatened to shut down the government if the House blocks funding of his wall.* But the best example of our topsy turvy world is Westminster. Mrs May pulled the 'meaningful vote', enraged the House of Commons and survived a 'no confidence' motion as MPs voted to protect their jobs. Nothing has changed. The PM, the Conservative government and the UK Parliament are all biased in favour of remaining in the EU, and yet they are bound to deliver Brexit in line with the 2016 referendum result. On the other side, the Labour Party has been non-committal. It is biased towards leaving the EU, and yet it is obliged to oppose the government, so it must favour remaining. Thus a majority of MPs are being forced to take a position that they do not believe in. This is a real House of Cards.

Shipping is a safer subject for once. The bulk carrier sector is losing momentum in the run-up to the holidays, but it is still trending higher. Quarterly average daily earnings[^] for a modern capesize bulk carrier were up from \$10,046 in 1Q17 to \$10,628 in 1Q18, from \$9,668 in 2Q17 to \$12,328 in 2Q18 and from \$12,923 in 3Q17 to \$19,162 in 3Q18. We may struggle to beat the 4Q17 average of \$21,265 as we are at \$13,642 ten weeks into 4Q18, but trending higher. The value of a 5-year old 180,000-dwt capesize bulk carrier has come full circle back to its 1Q17 average of \$33.5m having peaked at \$36.25m in 3Q18. It should recover next year as supply and demand dynamics improve. Chinese iron ore imports, a key earnings driver, came in at 86.3mt in November, down 2.4% month-on-month from 88.4mt in October and down 8.8% year-on-year from 94.5mt in November 2017. This is understandable as local government directives insist on output cuts to reduce smog between 9-31 December. China's Metallurgical Institute tells us that China's crude steel production will hit an all-time high of 923mt in 2018, 11% up on 832mt in 2017, before falling back to 900mt in 2019. At the other end of the size scale, modern ultramax average daily earnings are also improving: from \$8,769 in 1Q17 to \$12,225 in 1Q18, from \$9,888 in 2Q17 to \$11,246 in 2Q18 and from \$11,140 in 3Q17 to \$11,715 in 3Q18. The 4Q17 average of \$12,564 should be beaten as it is currently at \$13,388**. The value of a 5-year old 56,000-dwt supramax has appreciated from \$16.0m in 1Q17 to \$18.0m in 4Q18, reacting in kind to gently rising earnings.

On to tankers, where falling oil prices and oversupply are encouraging Opec and non-Opec producers to cut output by 1.2m-bpd in 2019. The main reason is rising US supply with the EIA forecasting US output to hit an all-time high of 10.88m-bpd in 2018, up from 9.35m-bpd in 2017. Its previous record was 9.6m-bpd in 1970. The EIA forecasts slightly weaker global oil demand growth of 1.3m-bpd in 2018 and 1.4m-bpd in 2019, but it is over longer seaborne supply chains, especially in view of modest net tanker supply expansion in 2019 and 2020. VLCC average daily earnings have been backsliding in 2018: from \$26,518 in 1Q17 to \$6,701 in 1Q18, from \$18,229 in 2Q17 to \$5,301 in 2Q18 and from \$10,092 in 3Q17 to \$9,909 in 3Q18. The gap is narrowing. In the first ten weeks of 4Q18 the average is up to \$40,625 which provokes optimism for 2019. A 5-year old 310,000-dwt VLCC is worth \$66.0m today, up from \$62.0m in 1Q17, a move in the right direction. MR product earnings were also lower year-on-year: falling from an average of \$10,980 in 1Q17 to \$9,949 in 1Q18, from \$9,608 in 2Q17 to \$7,905 in 2Q18 and from \$9,963 in 3Q17 to \$6,283 in 3Q18. However, the average over the first ten weeks of 4Q18 is \$9,031 which represents a significant recovery. A 5-year old 47,000-dwt MR is now worth \$27.5m, 20% up on its 1Q17 average of \$23.0m, indicating confidence that the market is turning back up. In our favour, for both bulkers and tankers, has been an all too familiar indecision caused by an uncertain political, economic and regulatory future. This has restrained new vessel ordering and improved future supply-demand dynamics.

*Nancy Pelosi said that the wall is a manhood issue for Mr Trump "as if manhood could ever be associated with him."

[^]Earnings and values courtesy of the Shipping Intelligence Network.

**On the demand side, Mr Trump announced that China will resume buying US soybeans. Rumours suggest 1.0-1.5mt from PNW in 1Q19 and the prospect of 7-10mt purchases to be announced later this month.

Dry Cargo Chartering

The **BDI** closed the week at 1,401, slightly up from last weeks 1,372. The **cape** market also finished in the green, closing the week at \$17,704. This was slightly up from last weeks close of \$17,219. There was a bit of period activity throughout the week including Swiss Marine who fixed the *Navios Joy* (181,389-dwt, 2013) delivery China for 1 year trading redelivery worldwide at \$18,000. NYK took the *SM Vision* (176,838-dwt, 2008) delivery Huanghua for 3/5 months trading redelivery worldwide at \$16,100. On voyage, Dampier-Port Hedland/Qingdao ore runs were being fixed in the mid \$8's. In the Atlantic, Tubarao/Qingdao ore run were being fixed at \$16.65 however rates improved to low \$17's by Friday.

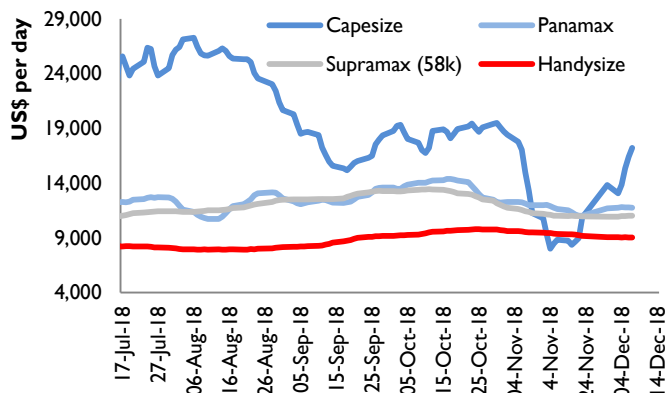
The **panamax** market started weak but gained some ground towards the end of the week, concluding at \$11,828, up from last week close of \$11,748. In the Atlantic, the *Kang May* (85,000-dwt, 2016) fixed to SUEK delivery Dunkirk for a trip via Murmansk redelivery Continent at \$15,500 and the *Jing Jin Hai* (77,872-dwt, 2015) fixed delivery East Coast South America for trip redelivery Skaw-Gibraltar at \$17,000. ACB took the *Christina B* (77,072-dwt, 2007) delivery Ghent for a trip via Baltic to Turkey redelivery Cape Passero at \$14,350. In the Pacific, Smart Gain fixed the *Antares* (81,600-dwt, 2015) delivery Dalian for a trip via NoPac (charterers option West Coast Mexico) redelivery China at \$11,000 and K Line took the *Coral Sapphire* (76,627-dwt, 2006) delivery Kawasaki for a trip via NoPac redelivery Japan with pet coke at \$11,500. The *Shandong Hai Yao* (75,750-dwt, 2014) fixed to Norden delivery Hong Kong for a trip via Indonesia redelivery China at \$11,500.

On the front haul, COFCO took the *Loli* (81,730-dwt, 2012) delivery East Coast South America for a trip redelivery Singapore-Japan at \$15,400 plus \$540,000 bb and I tiro fixed the *Port Star* (82,177-dwt, 2012) delivery Gdynia for a trip via Baltic and Suez redelivery Singapore-Japan with fertilisers at \$26,500. On period, Transcenden took the *Geneva Queen* (81,361-dwt, 2012) delivery Rizhao for 4-6 months trading redelivery worldwide at \$12,750.

The **supramax** market closed the week at \$11,273, slightly up from last weeks close of \$11,200 while the **handy** market closed the week at \$8,929, down from last weeks close of \$9,025. In the Atlantic, Cargill fixed *Marigoula* (58,018-dwt, 2013) delivery Iskenderun for trip redelivery West Africa at \$15,000. Louis Dreyfus fixed the *Otzias* (56,720-dwt, 2012) delivery Santos for a trip to Chittagong at \$14,250 plus \$435,000 bb. The *Dai Shan Hai* (56,720-dwt, 2012) fixed delivery East Mediterranean for a trip to US East Coast/US Gulf at \$9,250. In the Pacific, much higher rates were seen for both trips and period. The *Daimongate* (63,496-dwt, 2017) delivery Surabaya fixed for a trip via West Australia redelivery at \$13,500 to Fednav. Ausca Shipping fixed the *Pistis* (52,388-dwt, 2004) delivery Batangas for 2/3 laden legs at \$10,500. On the smaller sizes, *St. George* (32,688-dwt, 2009) fixed delivery Canakkale trip via Black Sea redelivery Spain Mediterranean at \$13,750. *Gold Oak* (37,732-dwt, 2017) fixed delivery North Coast South America for 4-6 months world wide trading redelivery Atlantic fixed at \$12,000 to Meadway. *Xiu Yu Hai* (38,835-dwt, 2016) fixed delivery Haiphong for trip via Indonesia redelivery China at \$8,000.

Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate (\$)	Charterers	Comment
Anangel Hope	179,445	2015	Jintang	7 Dec	Singapore-Japan	24,500	CNR	Via Australia
SM Vision	176,838	2008	Huanghau	15/17 Dec	World Wide	16,100	NYK	3/5 Months
Kang May	85,000	2016	Dunkirk	12/13 Dec	Continent	15,500	Suek	Via Murmansk
Ioli	81,730	2012	ECSA	30 Dec	Singapore-Japan	15,400	Cofco	\$540,000 bb
Antares	81,600	2015	Dalian	16/21 Dec	China	11,800	Smart Grain	Via NoPac
Yangze 9	63,515	2015	USG	Mid Dec	India	33,000	XO Shipping	Petcoke
Daimongate	63,496	2017	Saurabaya	23/25 Dec	China	13,500	Fednav	Grains
Otzias	56,720	2012	Santos	25/30 Dec	Chittagong	14,000	Louis Dreyfus	\$400,000 bb
Gold Oak	37,735	2017	NCSA	PPT	Atlantic	12,000	Meadway	4/6 Months
Panforce	28,200	2004	Marmara Sea	23/26 Dec	Continent	11,500	Meadway	-



Exchange Rates	This Week	Last week
JPY/USD	113.53	112.77
USD/EUR	1.1287	1.1377

Brent Oil Price	This Week	Last week
US\$/barrel	60.66	63.29

Bunker Prices (\$/tonne)	This week	Last week
Singapore IFO	395.0	406.0
MDO	553.0	551.0
Rotterdam IFO	354.0	356.0
MDO	540.0	533.0

Dry Bulk S&P

After the copious quantities of cape sales last week, the big bulkers are conspicuous by their absence. Aside from the capes there's been a spread of sales from kamsars to handies as Buyers seem to recognise the relative lack competition might present a festive bargain.

Thenamaris are reported to have sold their *Seatribute* (81,642-dwt, 2012 Daewoo) for \$20.3m to Far Eastern Buyers. Elsewhere, we understand *Janna-S* (75,200-dwt, 2010 Penglai) has been committed for \$10.5m. Despite the fact *Janna S* is only two years older and six 'k' smaller, the price differential is vast, which seems to highlight the trepidation of Buyers to approach non-mainstream Chinese yards, particularly when coupled with a seemingly unfashionable panamax design. We also understand *Tina* (75,933-dwt, 2000 Kanasashi) has been bought by Greek Buyers at auction for \$5.8m, however we are unsure of the condition of the ship so due to the nature of the sale, it is hard to view it as a market transaction.

In the supramax market, no modern ships have been committed, however *Luisia Colossus* (55,455-dwt, 2010 Kawasaki) took offers this week and we understand is negotiating with two prospective Greek Buyers. Smaller and older supramaxes have continued to garner attention with

two sold this week. *Mercury Ocean* (53,452-dwt, 2008 Iwagi) is rumoured committed to Greeks at \$11.35m. Two small turn of the millennium supras have been committed. The Chinese owned *Jin Quan* (51,104, 2002 Oshima) is reported sold to Bao Fortune, Hong Kong, for \$6.9m. Indonesian Buyers are reported to have picked up the *Condor* (50,296-dwt, 2000 Mitsui) for \$6.75m

One handy bulker is reported sold this week, *Coral Ocean* (31,989-dwt, 2012 Hakodate) she is committed to Turkish Buyers for \$13.9m, in line with market expectations.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price \$m	Comment
Seatribute	81,642	2012	Daewoo Shipbg	-	Far Eastern	20.3	
Janna-S	75,200	2010	Penglai	-	Undisclosed	10.5	
Tina	75,000	2010	Kanasahi	-	Greeks	5.8	At Auction
Mercury Ocean	53,452	2002	Iwagi	-	Greeks	11.35	
Condor	50,296	2000	Mitsui	C 4x30	Indonesians	6.75	
Jin Quan	51,000	2002	Oshima	C 4x30	Hong Kong	6.9	
Coral Ocean	32,000	2012	The Hakodate Dock	C 4x30	Turkish	13.9	

Demolition Sales

Vessel	DWT	Built	Yard	Type	LDT	Price (\$)	Delivery
Van Cherry	12,249	1994	Imabari	RORO	13,826	482	'as is' Singapore
Kota Jelita	22,330	1997	Stocznia	Cont	7,426	475	Bangladesh
Paul Abrao	22,026	1996	MTW Schiffsweft	Cont	7,393	460	'as is' Colombo
Gas Puffin	9,433	1991	Brand Werft	Gas	4,356	505	India

Tanker Commentary

As has been the case in recent weeks, product tankers are stealing the limelight with hungry buyers looking to acquire tonnage in the face of firming prices and stiff competition. 8 buyers are reported to have inspected the Product Shipping and Trading controlled MR *Ayesha* (47,000-dwt, 2008 HMD) with the vessel rumoured to have been committed for \$16m to North European buyers. The price falls in line with the \$17m Norden paid for the two of the Diamond S 09 built sisters recently. Elsewhere, Tufton are reported to have finalised a deal for *CPO India & CPO China* (51,000-dwt, 2010 HMD) for \$36m en bloc which again is in line with current market activity. In the pumproom space, the Japanese controlled *Morning Haruka* (47,000-dwt, 2005 Onomichi) is committed at region \$10.4m. The *Morning Haruka* sale seems to confirm that whilst prices on ships 10 years and younger are firming, asset values on more vintage tonnage seem to be remaining flat.

The much sought after LR2 sector has finally had some benchmarks set. Dubai based Gulf Energy Maritime have committed their clean trading *Gulf Vision* and *Gulf Valour* (114,000-dwt, 2012/2013 Samsung) for a reported \$64.5m en bloc. Despite both ships being uneco designs, they received a considerable amount of interest at above last done levels. With new refineries coming on line, along with the expected increased tonne mile demand as a result of IMO 2020, the LR2 sector is one of the most in-demand sectors right now. As such, it will be interesting to see how the price spread develops between uncoated and coated aframax.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price \$m	Comment
Gulf Valour	114,000	2013	Samsung	Undisclosed	64.5	
Gulf Vision		2012				
CPO China	51,703	2010	Hyundai Mipo	Tufton	36 en bloc	
CPO India	51,672					
Morning Haruka	47,400	2005	Onomichi	Minsheng	10.4	
Ayesha	47,100	2008	Hyundai Mipo	Northern Europeans	16	

Tanker Fixtures

Vessel	DWT	Built	Yard	Period	Rate (\$/pd)	Charterer
Zenovia Lady	112,100	2009	Sungdong	9 mths	16,000	Vitol
FS Endeavor	109,000	2012	Namura	5 mths	14,400	Shell
Megalonissos	106,200	2004	Hyundai	1 yr	17,250	CCI
Densa Crocodile	105,500	2015	Hyundai	1 yr	18,750	Navig8
Velebit	52,600	2011	Maj Bridogradiliste	2 yrs	15,500	Motiva
Kriti Emerald	50,400	2005	SLS	9 mths	13,000	ST Shipping
High Leader	50,000	2018	JMU	6 mths	14,600	Equinor
Songa Fortune	49,700	2015	Brodotrogir	1 yr	15,800	Stena Bulk
Songa Pride	49,700	2016	Brodotrogir	1 yr	15,800	Stena Bulk

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
 Email: snpuk@hartlandshipping.com
 Email: consult@hartlandshipping.com

Hartland Shipping Services Ltd, Shanghai

Tel: +86 212 028 0618
 Fax: +86 215 012 0694
 Email: snpcn@hartlandshipping.com

Hartland Shipping Services Pte. Ltd, Singapore

Tel: +65 6702 0400
 Email: 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.