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THE BIGGER PICTURE

... Trump backed Boeing over Safety ...



Source: The FT

*Brexiters and the DUP allegedly are holding private talks with the Brexit Secretary and the A-G about tweaking the legal advice to help get Mrs May's deal over the line.

^The legal default position is that the UK exits the EU on a no deal basis on 29 March if it has not agreed to a deal by then. Avoidance of a no deal exit would require an extension or revocation of Article 50.

^^Also, the Brexit Secretary, Steve Barclay, recommended to the house his government's motion to extend Article 50 in the national interest, then personally voted against it...

**The \$18bn Federal Aviation Administration has no chief. Mr Trump proposed his private pilot, John Dunkin, who flies Trump Force One. He is not qualified. Yet another routine conflict of interest.

POINTS OF VIEW

Wherever we look we see conflicts of interest. The biggest, all-consuming topic is Brexit and the complete mess that the UK parliament finds itself in. Theresa May, the UK prime minister, together with her cabal of civil servants, concocted a withdrawal treaty with the European Commission that finds no favour in the House of Commons. It is referred to as 'her deal' and twice it has been voted down in parliament; first by 432:202 votes in January and then by 391:242 votes on Tuesday. These huge 230 and 149 majority defeats were ritual humiliations for Mrs May, and yet she still plans to return it to the house for a third attempt* next week. Brexit day is 29 March and, as made clear this week, MPs have no appetite for a no deal exit.^ Mrs May is presenting the Commons with a binary choice of her deal (the only deal) or a very long delay to Brexit while other options are explored, including the possibility of another referendum. She is gambling that the opposition will crumble when faced with the prospect of a long delay that might lead to no Brexit. If her deal passes next week then it will still be necessary to seek a 3-month extension to Article 50 from the EU27. A key problem is that Mrs May is a remainer as are an estimated 500 of 650 MPs in parliament. They are struggling to honour the slim 52:48 referendum vote in favour of leaving the EU, which disrespects the electorate. Her deal, a neither in nor out compromise, is widely seen as a bad deal. Mrs May has repeatedly said that no deal is better than a bad deal and, on Wednesday, she tactically voted in favour of no deal even while still pushing her own deal. Beat that!^^

The UK and EU are so absorbed by Brexit that they are unable to pursue other matters, letting down the people and business once again. On trade, we are fixated by the US instigated trade wars with its neighbours and with China and Europe, hoping that the tariffs will just go away. And yet now we have to contemplate a totally new tariff regime between the UK and Europe and the rest of the world in the unlikely event of no deal. UK business has been given all of two weeks notice and it is rightly furious. As the CBI points out, cutting tariffs to zero on 87% of UK imports, while imposing tariffs on agricultural and automotive parts for the first time, represents the biggest change in Britain's trading terms since the 19th century. While preaching the virtues of free trade, the western world is busy resetting global tariff barriers. The government also outlined an absurd plan for Irish cross-border goods trade that amounts to a smugglers paradise. The proposals almost certainly contravene WTO rules. These tariff and border details may be designed to intimidate opponents of Mrs May's deal. However, a parliamentary request to the EU27 to extend Article 50 will hand the EU the sole right to determine the length of any delay and the conditions to be attached to any such grant, thus removing control of the Brexit process from the prime minister. US president Donald Trump made a timely tweet yesterday that he looks forward to negotiating a large scale trade deal with the UK subject, of course, to it making a clean break from the EU.

The tragic crashes of two almost new Boeing 737 Max aircraft in similar circumstances caused a domino effect of them being grounded around the world by regulators. The last country to act was the US, home to Boeing. The press reveals that Boeing has been in dispute with its airline customers and passengers over safety issues relating to the 737 Max, with Boeing asserting that it is safe to fly. Allegedly, it enjoys a cosy relationship with the FAA,** the US regulator, giving rise to conflicts of interest. On Wednesday, Mr Trump spoke out of turn in announcing that all 737 Max aircraft would be grounded. It later transpired that it was an FAA decision to ground the planes in consultation with Elaine Chao, the transport secretary. It was not the president's initiative, but he could not resist playing politics, even when public safety is involved. We have similar issues in shipping. The IMO 2020 rules on the sulphur content in fuel may create operational hiccups and possibly safety issues concerning the use of blended fuels. The IMO may regret not having mandated a universal switch to max 0.5% low sulphur fuel oil. Instead, it offered a loophole that permits ships to continue burning up to 3.5% sulphur heavy fuel oil if they fit exhaust gas scrubbers. This opened up a big debate about the operational differences between open, closed and hybrid loop scrubbers and whether or not these simply convert airborne pollution to seaborne or landbased pollution. It also raised the question of the relative pollution of the extra refining that goes into making LSFO, and the emissions from its use, compared with the continued use of HFO with scrubbers. The IMO, flag states, port states, scrubber manufacturers and shipowners will argue on.

Dry Cargo Chartering

The **BDI** closed the week at 730, this was up from last weeks close of 649. The **Cape** market turned the corner and began its much needed recovery although rates were still well under par. It closed the week at \$6,387, up from last weeks close of \$4,236. This included a rise of \$1,066 on Friday. Pacific Bulk fixed the *Cape Condor* (180,253-dwt, 2010) delivery Bayoquan for a trip via Australia, redelivery China at \$5,600. Daelim fixed the *Ugo De Carlini* (176,153-dwt, 2010) delivery Liheng for a trip via East Australia redelivery China at \$5,250. On Friday, Hyundai Glovis fixed the *KSL Sydney* (181,009-dwt, 2014) delivery Qingdao for a trip via Australia redelivery China at \$10,600.

The **Panamax** market started off depressed but ended with an interesting lift towards the end of the week to close at \$7,108. Interest in Pacific enquiries remains healthy. *Yangtze Xing Jin* (81,649 dwt, 2012) was said to have fixed delivery Taichung via Indonesia with redelivery South China at \$8,250 to Oriental Pal. Refined Success took the *Cemtex Pioneer* (77,598-dwt, 2004) delivery Linkou via Indonesia redelivery South China at \$7,500. In the Atlantic, ADMI fixed *Giewont* (79,667 dwt, 2010) on a trip North Coast South America redelivery Egypt-Turkish Mediterranean at \$11,000 while they also covered *Tiger West* (76,000-dwt, 2013) for \$10,500 delivery north coast South America redelivery Skaw-Gibraltar. On the fronthaul, the *Zheng Jun* (81,810-dwt, 2011) was reported delivery South America redelivery Singapore-Japan at \$13,750

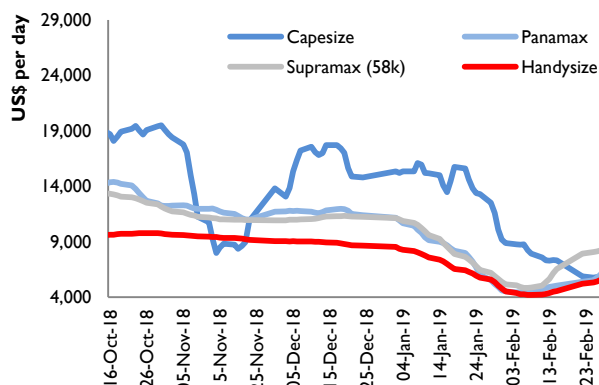
plus \$375,000 bb. The period market has been quiet with barely any fixtures reported.

This week the **Supramax** market softened slightly with the BSI down at \$8,709 from last weeks close of \$8,777. In the Atlantic, *Thor Independence* (52,407-dwt, 2001) fixed a trip out of the US Gulf with petcoke into the Adriatic at approximately \$10,500 and *STH New York* (60,310-dwt, 2015) was fixed by Bunge for a trip out of Recalada into Spain at \$13,100. In the Pacific *Ultra Regina* (61,242-dwt, 2013) open Gresik was fixed by Tongli for an coal into China via Indonesia at \$13,000 and *Fareast Harmony* (56,756-dwt, 2012) fixed delivery Hong-Kong for a trip via the Philippines redelivery Hong-Kong at \$8,050. There was little reported activity on the period side of things.

The **Handy** market was up from last weeks close at \$6,163 to finish the week at \$6,437. In the Atlantic, Cargill fixed *Teal Bay* (32,327-dwt, 2007) delivery East Coast South America for a prompt trip into the Mediterranean at \$9,750 and Navision took *Saronic Spire* (32,355-dwt, 2004) delivery Praia Mole for a prompt trip into the US East Coast with pig iron at \$8,500. In the Pacific, *Crystalgate* (28,183-dwt, 2010) was fixed by Cargill delivery Kuala Tanjung for a trip via Kwinana back to Singapore-Japan range with Alumina Hydrate at \$7,500. Again like supras reported period fixtures on the Handies were few and far between.

Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate (\$)	Charterers	Comment
Cape Condor	180,253	2010	Bayoquan	10 Mar	China	5,600	Pacific Bulk	Via Australia
Ugo De Carlini	176,153	2010	Liheng	13/15 Mar	China	5,250	Daelim	Via E Australia
Dimitra	93,243	2010	Taiwan	PPT	S. China	6,300	Richland	Via Indonesia
Giewont	79,667	2010	NC South America	05/15 Apr	Egypt-Turkish Mediterranean	11,500	ADMI	
Lucky Star	76,662	2002	EC South America	02/03 Apr	Singapore-Japan	13,250	SDTR	Plus \$325,000 bb
Vienna Wood N	55,768	2011	US Gulf	PPT	Mylaki	10,250	Oldendorff	
Prabhu Mihikaa	55,557	2005	Singapore	PPT	China	10,000	Jiangsu Steamship	Via Indonesia
Navios Vector	50,296	2002	Port Elizabeth	PPT	Far East	10,250	CNR	Plus 150,000 bb
Teal Bay	32,327	2007	EC South America	PPT	Mediterranean	9,750	Cargill	
Crystalgate	28,183	2010	Kuala Tanjung	15/16 Mar	Singapore-Japan	7,500	Cargill	Via Kwinana



Exchange Rates	This Week	Last week
JPY/USD	111.45	110.88
USD/EUR	1.1323	1.123

Brent Oil Price	This Week	Last week
US\$/barrel	66.47	64.28

Bunker Prices (\$/tonne)	This week	Last week
Singapore IFO	440.0	440.0
MDO	613.0	617.0
Rotterdam IFO	416.0	405.0
MDO	589.0	589.0



Dry Bulk S&P

With the emergence of established players returning to the second hand market, there is a growing sense that buying interest is springing back to life. For now, this budding interest remains focused on everything but the capsized sector, as once again the panamax and supramax sectors make up the majority of sales we have to report this week.

Scorpio Bulkers have sold *SBI Electra* and *SBI Flamenco* (82,052-dwt, 2015 New YZJ) to CSL Group for a healthy \$48m enbloc. The firm price is being attributed to lengthy subjects linked to a conversion project. The turnover in 10-15 year old panamaxes continues to gather pass. Transocean have sold *Atlas B* (76,554-dwt, 2008 Imabari) for \$12m to undisclosed buyers. *Rosali* (76,728-dwt, 2005 Sasebo) has been sold to Greeks for \$9.85m. The vintage *Corviglia* (73,035-dwt, 1999 Kaohsiung) has been sold for \$5.2m SS due.

We commented in last weeks report *Adventure I* (62,472-dwt, 2017 Oshima) had been sold, price unknown. We now understand the price is somewhere in the region of \$25m.

Japanese supramax owners continue to sell off tonnage. We understand *Ghent* (58,110-dwt, 2011 Tsuneishi Zhoushan) has been sold to Pacific Basin for a price in the mid-low 14'sm. Taking Pacific Basins March tally to three ships. *Korean Lily* (58,713-dwt, 2010 Kawasaki) has reportedly been sold to clients of Diligent for \$14.3m. *Nord Express* (58,785-dwt, 2007 Tsuneishi Cebu) has finally been sold to undisclosed buyers for \$11.7m. All these sales are in line with recent transactions.

Tokomaur Bay (28,258-dwt, 2011 Imabari) has reportedly been sold for \$8.5m. A great deal for the buyer when one considers *Nord Tokyo* (28,343-dwt, 2009 Imabari) was sold for the same price at the start of February. Vietnamese buyer Tan Binh have reportedly bought *Global Prosperity* (33,721-dwt, 2006 Shin Kochi) for \$8.6m.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price \$m	Comment
SBI Electra	82,052	2015	Jiangsu Newyangzi	-	CSL	48.0 enbloc	long subs for conversion project
SBI Flamenco	81,800						
Rosali	76,728	2005	Sasebo HI	-	Greeks	9.85	
Atlas B	76,554	2008	Imabari	-	undisclosed	12.0	
Corviglia	73,035	1999	Kaohsiung	-	undisclosed	5.2	
Adventure I	62,472	2017	Oshima	C 4x30T	undisclosed	25	
Nord Express	58,785	2007	Tsuneishi Cebu	C 4x30T	undisclosed	11.7	
Korean Lily	58,713	2010	Kawasaki HI	C 4x31T	Greeks	14.3	
Ghent	58,110	2011	Tsuneishi Zhoushan	C 4x30T	undisclosed	14.5	
Global Prosperity	33,721	2006	Shin Kochi	C 4x30T	Tan Binh	8.6	

Demolition Sales

Vessel	DWT	Built	Yard	Type	LTD	Price \$	Delivery
Berge Denali	289,470	1992	Daewoo Geoje	Bulk	29,433	462.0	Bangladesh
Goonzaran	148,663	1994	Samsung Geoje	Bulk	17,742	427.0	'as is' Korea
Zim Haifa	66,938	2004	Hyundai Samho	Cont	20,895	475.0	'as is' Singapore
Orissa	65,287	1979	Italcantieri S.p.A	Bulk	18,890	415.0	'as is' Goa



Tanker Commentary

German interests MPC are reported to have acquired a third MR within the last year. Having successfully purchased the MR *Kentaurus* (46,763-dwt, 2007 Sungdong) at the end of last year, MPC are reported to have gone back to Alma Maritime and added the sister MR *Sirius* (46,846-dwt, 2007 Sungdong) to their fleet for \$14m. The MR *Sirius* is now a year older and the approximate \$500k premium on the price tag highlights the extent to which asset values have firmed in recent months.

After a long dry spell, we can finally report a transaction in the chemical sector. Clients of Golden Agri Stena are reported to have purchased the stainless steel coated *White Shark* (20,000-dwt, 2007 Shin Kurushima) and *Crimson Shark* (19,000-dwt, 2008 Fukuoka) for a price of \$25m enbloc. The deal marks only the sixth reported stainless steel tanker of this size to be sold within the last year.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price \$m	Comment
Vera Cruz	47,165	1999	Onomichi	undisclosed	6.2	
Mr Sirius	46,846	2007	Sungdong	Germans	14.0	
White Shark	20,896	2007	Shin Kurushima	Golden-Agri Stena	25.0 enbloc	
Crimson Shark	19,918	2008	Fukuoka			

Tanker Fixtures

Vessel	DWT	Built	Yard	Period	Rate \$pd	Charterer
New Melody	310,000	2019	Dalian	1 yr	30,000	Koch Logistics
Velebit	52,554	2011	'3 Maj' Brodogradiliste	1 yr	14,500	CNR
Luctor	50,383	2011	Onomichi	1 yr	14,200	BP
Galissas	50,057	2008	SPP	1 yr	13,150	ST Shipping
High Glow	46,846	2006	Naikai Zosen	1 yr	13,000	Glencore International
High Current	46,590	2009	Naikai Zosen	1 yr	13,000	Koch Logistics
San Carlos	37,258	2007	Hyundai Mipo	1 yr	13,500	Repsol

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