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## THE BIGGER PICTURE

... "Get rid" of Donald Trump ...



Keith Richards recalled this week their show in Atlantic City in 1989 when he saw red as promoter Trump took top billing with:  
 "DONALD TRUMP presents the Rolling Stones".  
 Evidently, nothing has changed.

Source: CNN

## POINTS OF VIEW

The US president is beginning to realise that trade and diplomacy are complicated affairs that cannot be made on the hoof, from tweet to tweet. He and his long-term friend, Benjamin Netanyahu, both face corruption investigations on a number of different levels. This week he helped Bibi's cause by moving the US embassy from Tel Aviv to Jerusalem and by reimposing sanctions on Iran, both major passive coups for the Israeli prime minister. Opening the new US embassy on the 70th anniversary of the founding of the Israeli state was provocative. Its indirect cost was 60 Palestinian lives last Monday in protests in Gaza against the Nakba, the Catastrophe, of 1948. These twin US actions may mark the death knell of the two state solution. In recognising Israel's sole claim to Jerusalem, by simply taking it "off the table", the US president denied the Palestinians the prospect of east Jerusalem ever becoming the capital of a new Palestinian state while also quashing hopes of any right to return. Thus decades of fruitless peace negotiations came to an end this week as Palestinians in Gaza and the West Bank were abandoned by all sides. Belief that IS is now contained (?) has turned regional attention to Iran and its fast rising influence across the Middle East from Iraq to Syria and Lebanon to Yemen. Even the Sunni Arab states and Russia are reluctantly joining the US in backing Israel as the key counterweight to the pernicious spread of Iranian Shia influence. This leaves the Palestinians isolated without support beyond the arm's length sympathies of obsequious countries, none of which can bring any leverage to their cause. If Iran and its Hezbollah, Hamas and Houthi proxies react violently then we face a descent into regional chaos.

The reimposition of US sanctions on Iran will inflict collateral damage well beyond Iran itself. Already leading companies in energy (Total), transport (APMM) and insurance (Allianz) are talking about shutting down their Iranian operations. America is alienating its friends just to attack one 'enemy'. Brent crude has shot up to \$80 a barrel causing the IEA to revise downwards its forecast of 2018 oil demand growth, from 1.5 to 1.4mbpd as higher prices cause demand destruction. They will also damage Asian economies whose oil use is still rising. However, there is little reason to expect India, S.E. Asia, China, Japan and South Korea to follow White House orders to boycott Iranian oil. They can do barter deals, or buy in euros or yuan, and they probably regard this latest move as simply an extension of the trade wars that were started by the US targeting imported solar panels, white goods, steel and aluminium. Asian economies will suffer the inflationary impact of tariffs, higher oil prices, rising interest rates and increased debt servicing costs but they can collectively retaliate against the US. We hear of China-bound soyabean and sorghum cargoes being diverted to destinations in Europe and Asia but, if China still wants them, it can buy them from these third party countries and thus circumvent its own tariffs<sup>^</sup>. Other instances of two tweets forward, two tweets back are US-embargoed Rusal stopping alumina supplies from its Aughinish plant in Ireland to Rio's Dunkirk aluminium smelter, the largest in Europe. It is also halting alumina supplies to four of Trimet's plants in France and Germany causing aluminium prices to soar and risking shutdown in smelting operations across Europe as vital feedstock runs out.

This had knock-on effects on US car and aircraft manufacturers and, to cut a long story short, the US had to reverse sanctions on Russia's Rusal to prevent collateral damage across global supply chains. US sanctions levelled against Chinese telecoms company ZTE, for trading with Iran, led to Xi Jinping's intervention. Trump promptly performed a U-turn on the grounds that it would cause too many job losses in China! US sanctions against Venezuela are propelling it into economic collapse made worse by Conoco's enforcement action of a \$2 billion arbitration award in its favour against state-owned oil company PDVSA. Conoco is now disrupting offshore operations in Aruba, Bonaire and Curacao. Trump's flakiness is painful to behold but, as he is now surrounded by hawkish hardliners, it can only get worse. John Bolton, the new US National Security Advisor, provocatively proposed applying the 2003 Libya model to North Korea which links the abandonment of its nuclear weapons programme to the killing of Gaddafi eight years later. Kim Jong-un may now abort his imminent meeting with Trump in Singapore as he specifically seeks to avoid a similar fate. US flip-flopping on Iran, Palestine and North Korea and backflips on trade sanctions against China and Russia suggest that it can no longer be trusted. Great damage has been done to US credibility in a remarkably short time. Assorted geopolitical, trade, currency and monetary risks are being conveniently quoted by shipping companies as threats to their bottom lines\*. Meanwhile, shipping's response to political and trade fragmentation is the very opposite: consolidation<sup>^^</sup>.

<sup>^</sup>Today China dropped its anti-dumping probe into imports of US sorghum as a trade concession to Washington.

\*Yesterday APMM IQ18 results showed a core operating profit of \$669m against consensus expectations of \$995m. The shares are down 10%.

<sup>^^</sup>The latest example is this week's sale of Songa Bulk's 15 bulkers to Star Bulk for \$145m and 13.7m shares creating a fleet of 108 bulkers.

The **BDI** closed the week at 1,273, down from last weeks of 1,472. The **cape** market had a dramatic fall, closing the week at \$15,712, down from last weeks close of \$20,684. On time charter, the *Anangel Explorer* (171,926dwt-2007) fixed delivery Qingdao for a trip via West Australia, redelivery Singapore-Japan at \$21,000. Jiangsu Steamship fixed the *Kinokawa Maru* (181,392dwt-2013) delivery Jiangyin trip via east Australia, redelivery China at \$18,200. On voyage, Rio Tinto fixed a TBN 170,000/10 ore Dampier/Qingdao for \$8 fio 90000shinc/30000shinc. Later in the week, this run was fixed at \$7.25 on the *Aquatonka* BG shipping relet. Libra fixed a TBN 150,000/10% coal Samarinda/Mundra at \$7.50 fio scale/40,000 shinc. On period, Louis Dreyfus fixed the *Lanthe* (180,018dwt-2009) delivery Nagoya for min 7 to about 9 months trading redelivery worldwide at \$20,650

The **Panamax** market finally bounced back this Thursday, eventually closing the week at \$10,009, slightly down from last week's close of \$10,034. In the Pacific, Taho fixed the *Double Delight* (96,000-dwt, 2015) delivery Shanghai for a trip via Newcastle redelivery Taiwan at \$14,000. Oldendorff took the *Tai Prosperity* (77,747-dwt, 2005) delivery Kushiro for a trip via NoPac with grains at \$13,000 with petcoke option at \$14,000. In the Atlantic, the *Rising Wind* (82,151-dwt, 2014) was fixed by SwissMarine delivery Aarhus for a trip via Baltic redelivery Gibraltar-Skaw at \$12,000 and the *Golden Eclipse* (79,471-dwt, 2010) fixed delivery Antwerp for a prompt trip via Baltic redelivery Skaw-Gibraltar range at \$7,000. On the front haul, Sinochart took the *Nicosia*. The *Pegasus* (81,512-dwt, 2012) delivery ECSA for a trip

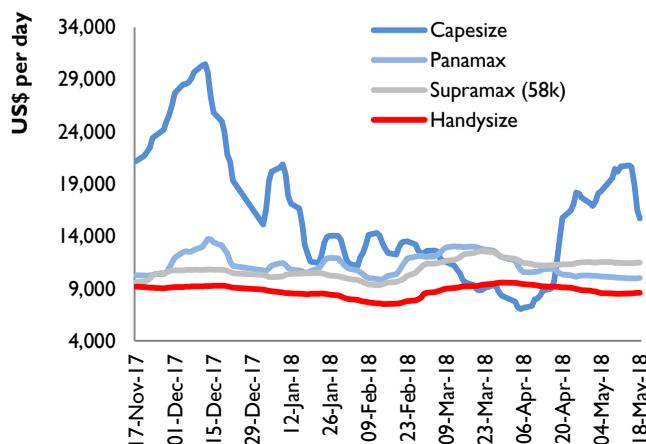
to Singapore-Japan \$14,750 with \$475,000 bb and Langlois fixed the *Clymene* (73,600-dwt, 2006) delivery Cape Passero for a trip via Black Sea redelivery Vietnam at \$16,500. On the period, the *Lyric Harmony* (81,500-dwt, 2012) was taken by Louis Dreyfus delivery CJK for 5-7 months redelivery worldwide \$13,250.

The **Supramax** market this week was marginally up by \$24, ending the week at \$11,489. In the Atlantic *Nautical Jenifer* (63,495-dwt, 2015) fixed ED&F Man delivery SWP for a trip into the EMed with petcoke at \$15,000 and *Oriole* (57,809-dwt, 2011) fixed a front haul ex Jamaica with Jierui at \$16,750 for a trip into China with Bauxite. In the Pacific, the *Kmarin Melbourne* (63,253-dwt, 2015) performed Indonesian coal into China with Winning at \$15,750 delivery Cigading and *EM Crystal* (57,357-dwt, 2011) fixed a steels run ex Caofedian into South East Asia at \$10,500. On the period side of things *Kmarin Singapore* (63,083-dwt, 2015) achieved \$13,500 delivery Rizhao for 4/6 months worldwide trading. This week the Handies we also up by \$77, with the TCE finishing the week up at \$8,604. In the Atlantic *Interlink Mobility* (38,767-dwt, 2015) was fixed by Lauritzen for a trip delivery Tampa via Panama City into Uk/Cont range at \$11,000 and *Venture Joy* (43,481-dwt, 2016) was fixed by Cargill at \$13,500 plus \$350,000 bb for a trip ex Santos into Iraq. In the Pacific, *Sam Phoenix* (34,264-dwt, 2011) fixed a trip via Indonesia delivery Ho Chi Min for a trip back into Vietnam at \$10,000 and *Aboudi VI* (29,538-dwt, 1996) fixed a trip via China into East Coast India with Yuyang delivery Kaohsiung at \$8,350. There was little to report on the period front with the

**Handies.**

**Representative Dry Cargo Market Fixtures**

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate (\$)	Charterers	Comment
Anangel Explorer	171,926	2007	Qingdao	18/19 May	Singapore – Japan	21,000	CNR	Via West Australia
Brave Sailor	176,283	2011	CJK	15/16 May	Singapore – Japan	21,500	K-Line	Via West Australia
Welfine	93,146	2011	Falmouth	11 May	Skaw – Gibraltar	6,000	CNR	Via Baltic
Rapallo	75,123	2009	Limay	PPT	China	12,500	Hengda	Via Indonesia
Siana	73,127	1999	EC South America	27 May	Singapore – Japan	13,500 + 350k bb	Cofco	
Feng Mao Hai	63,412	2017	Tianjin	20 May	Manila	11,250	CNR	
Lowlands Amstel	61,177	2015	Maputo	23/26 May	Singapore – Japan	12,500 + 250k bb	Ultrabulk	
Thor Magnhild	56,023	2006	Recalada	PPT	Ireland	13,500	Louis Dreyfus	
Interlink Mobility	38,767	2015	Tampa	PPT	UK – Continent	11,000	Lauritzen Bulkers	
Swakop	34,283	2013	CJK	13/17 May	China	9,200	Universal Solution	Via CIS



Exchange Rates	This Week	Last week
JPY/USD	110.97	109.24
USD/EUR	1.180	1.1956

Brent Oil Price	This Week	Last week
US\$/barrel	79.78	77.13

Bunker Prices (\$/tonne)	This week	Last week
Singapore IFO	455.0	440.0
MDO	698.0	680.0
Rotterdam IFO	442.0	418.0
MDO	673.0	648.0



### Dry Bulk S&P

Despite traditional secondhand transactions subsiding in recent week, a number of large enbloc fleet deals involving part cash, part shares have come to fruition. Subjects were lifted this week on the enbloc sale of 13 Oldendorff ultramaxs which include index link charters back to Oldendorff. If you breakdown the reported price of \$310m it suggests a premium against recent benchmark sales. The firm price also reflects the general optimistic view of the bulk market and the need to entice Sellers with eye catching numbers in order to part company with their prized modern assets.

Star Bulk's recent expansion has not been limited to the Augustea fleet, announcing this week the acquisition of Songa Bulk in a part cash part shares deal giving the company a dual listing in both New York and Oslo whilst at the same time creating one of the world's largest dry fleets. Elsewhere, Pacific Basin announced the acquisition of four modern

bulk carriers: two handies, a supramax and an ultramax. The vessels have not been identified however the sales were again structured as a part cash part share transaction.

Chinese remain active Buyers of 2001/2002 built units with several more being concluded this week. Coastal freight rates have risen recently, perhaps encouraging some previously reluctant Buyers to get the deals over the line, as prices remain more or less in line with last done. Lastly *Cielo Di Tokyo* (37,296-dwt, 2008 Saiki) is reported sold in an off market deal to Samjin at \$11.75 mill. Despite having DD due the price was slightly softer than some expected given the recent high levels of competition for modernish Japanese handies.

#### Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price \$m	Comment
Marini	205,855						
Bacon	205,170	2013					
Morandi	205,123		Qingdao	-	Chinese	164 (enbloc)	8 year BB charter with purchase option
Castellani	82,129						
Nasaka	81,918	2014					
Solana	74,759	2001	Hyundai Ulsan	-	Undisclosed	Mid 8s	
Tess Ultra TBN	64,000	2018	Tsuneishi	C4x30		28	
Tess Supra TBN	58,000	2010	Tsuneishi	C4x30	Pacific Basin	15.5	Cash + Shares
Imabari Handy TBN	37,000	2018	Imabari	C4x30		24.5	
Imabari Handy TBN	37,000	2015	Imabari	C4x30		20.5	
Zola	55,831	2012	IHI Marine	C 4x30	Undisclosed	17.5	
Anna	52,466	2002	Sanoyas	C 4x30	Undisclosed	High 8s	
Alithini	50,296	2001	Mitsui Tamano	C 4x30	Undisclosed	8.4	
Cielo Di Tokyo	37,296	2008	Saiki	C 4x30.5	Samjin	11.75	

#### Demolition Sales

Vessel	DWT	Built	Yard	Type	LDT	\$/LDT	Delivery
Ridgebury Pioneer	306,397	1999	Samsung	TANK	42,420	407	'as is' Khor Fakkan
Oil Runner	126,360	1997	Samsung	TANK	27,381	470	'as is' Khor Fakkan
Glovis Pacific	12,271	1993	Mitsubishi Kobe	RORO	13,811	Undisclosed	'as is' Singapore
Baruc	4,380	1991	Juliana Gijonesa	GAS	2,761	455	India



18 May 2018

**Tanker Commentary**

As has been the case in recent weeks – the only notable sales to report have been those from the Toisa fleet. This week is no different with the last remaining tankers being sold off leaving a handful of bulkers remaining. Details remain scarce however the LR2 *United Honor* (112k dwt / blt 2010 New Times) is reported to have been sold to LL Energy for \$19.5m. The price is a significant step down from what was achieved on the sister *United Grace* which is reported to have obtained \$22m to Stealth Maritime however this deal is understood to have included a finance package. Elsewhere, the LRI *United Banner* (73k dwt / blt 2007 New Century) is understood to have been committed to clients of Sea World Management however a price is undisclosed at the time of going to press.

Values for 10-15 year old product tankers continue to be squeezed by the sheer volume of sales candidates on the market as owners are looking to cash in on their assets ahead of the looming IMO and ballast water regulations. The MRIs *CPO Larisa Athena* and *CPO Larisa Artemis* (37k dwt / blt 04 HMD) have been sold for \$7.8m each. We understand this is inline with the price paid last week for the Kirk Capital sisters that were sold in a block deal with two MR2s.

**Reported Tanker Sales**

Vessel	DWT	Built	Yard	Buyer	Price \$m	Comment
United Honor	112,795	2010	New Times	LL Energy	19.5	
United Banner	73,584	2007	New Century	Laliois	Undisclosed	
CPO Larisa Athena	37,384	2004	Hyundai Mipo	Undisclosed	7.8 (each)	
CPO Larisa Artemis	36,997					
Askviken	12,887	2005	Samho	Bangladesh	7	

**Tanker Fixtures**

Vessel	DWT	Built	Yard	Period	Rate (\$/pm)	Charterer
Gerakas	49,997	2009	SPP	1 year	13,250	Norden

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