



CONTENTS

2. Dry Cargo Chartering
Summer Stimulus
3. Dry Cargo S&P
Chinese Shutter
4. Tankers
Quality over Quantity

THE BIGGER PICTURE

... Big man, pig man / Ha ha, charade you are ...



Source: Techaeris

POINTS OF VIEW

On a beautiful summer's evening in Hyde Park on 6 July, one thought that ex Pink Floyd Roger Water's portrayal of Donald Trump was a bit over the top. Not any more. The depiction was inspired by the 1977 Animals album and suffice to say that Pigs featured prominently including the lyrics "Big man, pig man / Ha ha, charade you are...". It was an overtly political set but remarkably, 40 years on, the issues are the same, just bigger, and they remain largely unresolved. Last week's European blitzkrieg saw President Trump disrespect NATO, the UK prime minister and the Queen, in that order. He then went on to Helsinki to see President Putin and was effusive in his praise of a fellow autocrat who also bypasses the institutions of state. The difference between the two is that America usually champions democracy. On the subject of Russian meddling in the US 2016 election, he preferred the word of an ex KGB colonel over the findings of his own FBI, CIA and NSA. In so doing he helped consolidate vocal Democrat and not so vocal Republican opposition to his presidency, even being accused of treason by a former CIA director. Upon his return to the US he was forced to retract his key comments in what we now recognise as the customary Trump U-turn*. He had accused Germany of being "totally controlled by Russia". It is not, but Trump may well be. People that still back a Trumpian approach might reconsider the netted off positives and negatives in having a failed businessman as Potus. He is every worst "-ist" and promotes every bad "-ism".

Initially Trump was praised for his positive impact on stock markets, but that started to fade this year. His tax cuts for the rich are combined with increased spending for the poor; the rising budget deficit will be a problem for another president and for future administrations. His Mexican wall is a statement on illegal immigration while his equivocation on Charlottesville was deemed little short of racist. Criticism of NATO for not meeting spending targets, and leaving the US with the burden of European defence, will see a rebalancing. Accusations of unfair trade practices have been evenly levelled at friends in Canada, Mexico and Europe as well as at competitors in China and other Asia. His antipathy towards the institutions of state and the intelligence services is rooted in the belief that he knows best and that there is a witch hunt being conducted over the 2016 election that he won fair and square. The common perception is that Trump is fighting the corner of the downtrodden American worker, especially in sunset industries such as steelmaking and coalmining. In reality, Trump seems to be fighting for Trump, for his brand and for his family business interests. If the trade wars against neighbours, Europe and China escalate then many more American jobs will be lost than won. It is shocking that an ill-prepared president can wing it in one-on-one meetings with dictators such as Putin and Kim with no advisers present in the room. Spineless Republicans who realise the aberrance of this need to stand up and be counted; too many are staying silent to avoid being 'fired', even before the November mid-terms. ^

We may wonder why shipping markets are not doing better at this juncture, as the supply and demand data suggest that we should be in a better place. So, either the data is wrong or we have yet to burn off the embedded excess tonnage supply that has seen supply growth outpace demand growth for much of the past ten years. Bulk carriers are doing best, tramp containerhips are limping along, while tankers are woefully underperforming. All of this is through no fault of demand growth, which is adequate if not electrifying. We may well need the anticipated positive impact of forthcoming IMO regulations to decisively curtail supply growth, something that shipowners are incapable of doing on their own in what is still a fragmented ownership market. Part of the problem on the supply side is that many ships are now owned by banks that will sell into strength, thus putting a brake on value gains. Another issue is non commercial money coming into the market and distorting the conventional dynamics, whether it be hedge funds in search of a counter cyclical investment or financial leasing companies propping up domestic shipping and shipbuilding to protect jobs. The demand side issues are clouded by uncertainty: by sanctions (on Russia, Venezuela and Iran), by escalating trade wars, by real wars (especially in the Middle East) and by south to north migrant crises in the Middle East, north Africa and Latin America. Political instability is also evident in Europe as Britain tries to exit the EU while the EC tries desperately to prevent EU collapse. There are many possible flashpoints, not least now in the Golan Heights, so we could do without bulls in search of china shops and pigs that think they can fly.

*On Monday, he said that he did not "see any reason why it would be" Russia that interfered in the 2016 election. 24 hours later he admitted to misspeaking and he meant "wouldn't". Presumably, it was fake speech.

^President Trump still has support of many Republican voters who are suspicious of the existence of a Deep State and who are confused by alternative facts, of fact becoming fiction and fiction becoming fact.

Dry Cargo Chartering

The BDI closed this week at 1,689, up from last weeks close 1,666. The upward momentum of the Cape market did not sustain throughout the week. The TC average concluded at \$24,446, up from last week. In the Pacific, the *Anangel Grace* (180,391-dwt, 2010) delivery Dalian fixed a trip via Australia redelivery Singapore-Japan at \$25,400 daily. Panocean took the *Genco Commodus* (169,098-dwt, 2009) delivery Hadong in D/C for a trip via the North Pacific redelivery South Korea at around \$19,000. In the Atlantic on voyage, Glencore fixed a *NYK TBN 160,000/10%* for Puerto Boliver/Rotterdam run at \$12.60. Little was reported on the period.

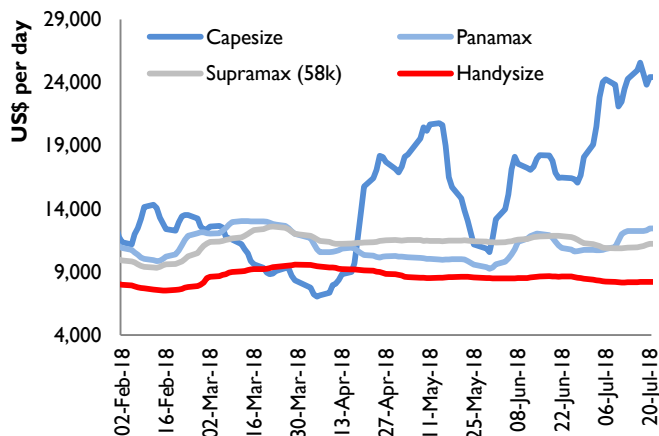
The Panamax market has remained flat throughout the week with minimal fluctuation, closing the week at \$12,457, an increase from last weeks close of \$12,233. In the Pacific, Jera took *Lowlands Light* (87,605-dwt, 2017) delivery Kohnsichang trip via East Coast Australia redelivery Japan at \$14,000. *Aristidis* (82,153-dwt, 2013) fixed delivery Tomakomai trip via the North Pacific redelivery Singapore-Japan range at \$12,500 to Louis Dreyfus. In the Atlantic, *Santorini* (81,086-dwt, 2013) fixed delivery US Gulf trip redelivery Skaw-Barcelona at \$14,500 + 450,000 GBB to Bunge. SUEK took *Epitetus* (84,000-dwt) delivery Dunkirk trip via Baltic redelivery Amsterdam at \$17,000. On the fronthaul, Bunge took *Yasa Falcon* (81,488-dwt, 2012) delivery East Coast South America redelivery Singapore-Japan range at \$15,800 + \$580,000 GBB. Cargill also took *Tuo Fu 6* (81,588-dwt, 2013) delivery

East Coast South America trip to Arabian Gulf with sugar at \$15,750 + \$ 580,00 GBB. On the Period side, *Nord Pollux* (81,839-dwt) delivery ex CJK for 11-13 months trading at \$14,000 redelivery worldwide fixed to Swissmarine.

The Supramax market rose by \$309 and finished the week up at \$11,232. In the Atlantic, Fayette fixed the *Diomidis* (63,167-dwt, 2015) delivery Canakkale for a trip redelivery US Gulf at \$10,000 for the first 45 days and thereafter \$14,500. The *Spar Libra* (53,565-dwt, 2006) was fixed by EMR delivery Belfast for a prompt trip redelivery Turkey with scrap at \$11,000. In the Pacific, Oldendorff took the *Yangtze Elite* (56,854-dwt, 2011) delivery Campha for a prompt trip redelivery Philippines with clinker at \$10,500 and Hang Shun fixed the *Beatrice* (55,700-dwt, 2009) delivery Onsan for a trip via CIS redelivery S China with coal at \$12,250. On the front haul, the *Sharp Island* (61,244-dwt, 2016) was fixed to J Lauritzen delivery UK for a prompt trip via Norway redelivery China at \$21,000. Meanwhile on the Handies, it was a fairly flat week. The TC average closed the week at \$8,209, up from last week close of \$8,175. Baltnav fixed the *Marina R* (37,785-dwt,2010) delivery Canakkale for a trip via Black Sea redelivery Egypt with minerals at \$9,500. The *Ultra Villarrica* (37,429-dwt, 2014) delivery Recalada fixed a trip redelivery Continent at \$12,500.

Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate (\$)	Charterers	Comment
Anangel Grace	180,391	2010	Dalian	22/25 Jul	Singapore-Japan	25,400	CNR	Via Australia
Genco Commodus	169,098	2009	Hadong	23 Jul	South Korea	19,000	Panocean	Via NoPac
RGL First	82,215	2017	Kaoshiung	22/23 Jul	Taiwan	12,850	J&J Maritime	Via E. Australia
BTG Olympos	80,800	2015	Hamburg	23/25 Jul	Indonesia	22,000	Omega	Via USG & COGH
Panagia Stenion	76,072	2012	Karaikal	22/31 Jul	Singapore-Japan	11,750	Norden	Via EC South America
SSI Formidable	63,510	2017	Continent	PPT	Singapore-Japan	19,900	Oldendorff	
Aspen	54,286	2009	Cebu	17/18 Jul	China	9,500	CNR	Via Indonesia
Angela	52,571	2004	US Gulf	21 Jul	West Mediterranean	14,000	Bunge	
Marina R	37,785	2010	Canakkale	20/22 Jul	Egypt	9,500	Baltnav	Via Black Sea
Ultra Villarrica	37,429	2014	Recalada	19 Jul	Continent	12,500	CNR	



Exchange Rates	This Week	Last week
JPY/USD	111.85	112.50
USD/EUR	1.1706	1.1646

Brent Oil Price	This Week	Last week
US\$/barrel	72.71	74.88

Bunker Prices (\$/tonne)	This week	Last week
Singapore IFO	449.0	470.0
MDO	642.0	669.0
Rotterdam IFO	425.0	442.0
MDO	621.0	617.0



Dry Bulk S&P

As the shutter falls on the Chinese market for older bunkers there are a mass of deals being pushed through. A well known deposit holder told us this week that he personally had 30-40 ships to deliver in the next couple of weeks with the vast majority heading for the Chinese-flag fleet. Chinese purchase enquiries for Tier II engines are already in the market but for the moment we don't know how far the more modern units will rise and the older units will fall.

The panamax/kamsarmax sales this week are a master class in relative valuations of kamsarmax vs panamax, Japanese vs Japanese in China vs Korean vs vessels sold at auction. The easiest first: *Tai Profit* and *Tai Plenty* (73,100-dwt, 2000/2001 Sumitomo) are reported sold to Chinese buyers for something in the mid/high \$7m and low \$8m respectively. These are softer levels than those recently recorded but both vessels are currently in China and we can assume are destined for Chinese-flag registration. The two kamsarmaxes sold, *BBG Ambition* (82,108-dwt 2009 Tsuneishi Zhoushan) and *Rena* (81,700-dwt, 2011 STX) for \$16.65m and \$18.75m respectively, suggest there is an equivalence between a

Japanese-built-in-China unit and a Korean-sold-at-auction. Finally *Lady Maria Ocean* (76,596-dwt, 2007 Imabari) is reported sold at \$13.3m - which seems a little softer than last done although she has DD due.

In the supramax sector a couple of Diamond53 sisters *Amber Beverly* and *Amber Alena* (53,177-dwt, 2011/2010 Chengxi) have been sold for a respectable \$23m enbloc considering their lower deadweight. The older *Anna* (52,466-dwt, 2002 Sanoyasu) squeezes into the Chinese flag market at \$9m.

Elsewhere Genco report they have bought a pair of modern capers from Golden Union. *CIC Trias* and *Malena* (180,377-dwt, 2016 Hanjin) achieved \$98m enbloc.

Finally a softer price has been agreed for the Japanese-controlled *Tequilla Sunrise* (31,612-dwt, 2009 Saiki). She is rumoured sold for something in the mid \$'11m's - perhaps half a million off the market peak a few months ago.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price \$m	Comment
CIC Trias	180,387	2016	Hanjin HI	-	Genco	98 (enbloc)	
Malena	180,377						
BBG Ambition	82,108	2009	Tess Zhoushan	-	Greeks	16.65	
Rena	81,700	2011	STX	-	Undisclosed	18.75	Auction sale
Lady Maria Ocean	76,596	2007	Imabari	-	Greek	13.3	DD due
Tai Profit	73,105	2001				Low 8s	
Tai Plenty	73,060	2000	Sumitomo	-	Chinese	Mid/high 7s	
Amber Beverly	53,177	2011					
Amber Alena	53,193	2010	Chengxi	C 4x36	Chinese	23 (enbloc)	
Anna	52,466	2002	Sanoyas	C 4x30	Chinese	9	
Thor Enterprise	42,529	1995	Namura	C 4x30	Undisclosed	5.6	Old sale
Tequilla Sunrise	31,612	2009	Saiki	C 4x30	Far Eastern	Mid 11s	

Demolition Sales

Vessel	DWT	Built	Yard	Type	LDT	Price	Delivery
Padma	21,563	1998	Hanjin	CONT	6,808	\$450	Alang
Gas Stal		1990		GAS	48,208	\$420	'As is' Singapore
Aim	3,911	1987	Kyokuyo	TANK	1,872	\$400	Chittagong



Tanker Commentary

This week has not seen many tanker transactions, yet despite the lack of volume there have been a couple of interesting sales.

Japanese Owner Meiji shipping have committed *Maersk Mishima* (45,971-dwt, 2010 Shin Kurushima), the price reported of upper \$16m is firm. *Axel* (49,997-dwt, 2010 Onomichi) was committed two weeks ago to Greeks in the upper \$15m. The smaller *Maersk Mishima* achieving a significant premium over last done has raised some eyebrows. There are several other units which could be purchased at similar levels, could this deal precipitate others?

The other deal of note is Embiricos' purchase of *Bright Harmony* (309,774-dwt, 2009 Imabari) for \$41m, softer than many benchmarks, particularly given the last comparable sale of *Nave Galactic* (297,1680dwt, 2009 Shanghai Jiangnan) for \$44.5m in April.

As the summer progresses, it will be interesting to see if this week was an outlier, or if these sales are a sign that product tanker values are coming off the bottom but big crude ships still have scope to soften.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price \$m	Comment
Bright Harmony	309,774	2009	Imabari	Embiricos	41	
Maersk Mishima	45,971	2010	Shin Kurushima	Undisclosed	High 16s	
Ping An	16,872	2010	Zhejiang	Soechi	9.2	
Chem Master	16,631	2000	Orlando Frat	Turkish	7.5	

Tanker Fixtures

Vessel	DWT	Built	Yard	Period	Rate (\$/pm)	Charterer
Ascona	319,000	2018	Hyundai Samho	3 years	34,000	Undisclosed
Tonegawa	299,633	2018	Namura	3 years	30,000	Koch

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