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Source: The Guardian / Reuters / AP

POINTS OF VIEW

Tuesday was a particularly stormy afternoon for the president as his former personal lawyer, Michael Cohen, pleaded guilty to various charges including campaign finance violations while his former campaign chairman, Paul Manafort, was convicted on charges of bank fraud and tax fraud. In his short tenure, Mr Trump is shown to have surrounded himself with felons and felons-in-waiting which arguably chimes with the autocratic and anti-institutional nature of his presidency. His new personal lawyer and former mayor of New York, Rudy “truth isn’t truth” Giuliani, has signed up to the administrations’s signature themes of fake news and alternative facts. He puts his foot in his mouth almost every time he opens it, begging the question as to whether he is actually working for or against the president. Giuliani does not want Trump to be interviewed by Mueller for fear that he might perjure himself, which would not be possible if he only tells the truth. In this sense he is a liability to himself as anyone with such a thin grasp of the difference between fact, fiction, truth and lie obviously would be at an elevated risk of perjury.

Washington has been reduced to a circus with the Democrat leader of the House, Nancy Pelosi, denouncing “rampant corruption and criminality at the heart of Trump’s inner circle” and stating that “Congressional Republicans’ determination to cover up for the president and his criminal cronies betrays their oath of office and undermines their duty to the American people.” Once Trump’s hardcore ‘rural’ supporters (described by Scaramucci as “low information emotional voters” in the flyover states) realise that this soundbite president cannot deliver on his campaign promises, they may desert him. We will know in the midterms. The legal view is that a sitting president cannot be indicted but if Democrats win big in November then impeachment may follow*. Thereafter, the criminal courts could come into play. But, it is much more likely that the president will get away with it, exposing a glaring deficiency in the US constitution, the spinelessness of venal politicians and the absence of moral compass in a large swathe of the electorate that have fallen for fake promises. So, is this really Making America Great Again?

At present, shipping is rather less exciting compared to what is going on in Washington and in Brussels, on this side of the pond, where we face a hard UK exit from the EU due to irreconcilable divisions on each side. Yesterday a low level Chinese trade delegation met in Washington as the bilateral trade wars escalate. Saudi Aramco has indefinitely postponed its much trumpeted IPO that was set to value it at \$2tn. Possible reasons: the recovering oil price, the focus on buying a stake in Sabc, the distraction of the war in Yemen, disagreement on where to list, the questionable investor appeal of paying \$100bn for only a 5% free float, and growing opposition to the MbS reform programme. Trump is not alone in his interest in scrubbers. Shipowners are investing more than anticipated in on-board exhaust gas cleaning systems with one estimate rising from 1,500 to 2,100 units. The increased uptake is pushing up the price of HFO along the forward curve. This would represent 11%, up from 8%, of the current trading fleet of bulkers and tankers over 10,000-dwt and containerships over 3,000-teu. The focus should be on the 90% of commercial ships in the three main sectors that will default to more expensive IMO-compliant low sulphur fuels from 1st January 2020. This promises to be disruptive in a positive way from a tonnage supply perspective – by reducing it.

We are just beginning to see the impact of tariffs and sanctions on various shipping trades but, at this stage, it is hard to see whether these are net positive or net negative for the all important tonne miles that drive utilisation and thus freight rates. Take a few examples. In defiance of the US, China continues to import Iranian crude, but now on a CIF (Cost, Insurance, Freight) delivered basis on Iranian VLCCs. This way the Iranians bear all the cargo and H&M insurance risks on a self-insured basis as they are locked out of conventional insurance markets. China has been sourcing more soybeans from Brazil and other places, causing US beans to be sold to destinations other than China. Chinese buyers of US coal are retreating from such purchases and prioritising domestic sources in a backlash aimed at hurting the very coal mines that Trump promised to resurrect. The US corporations that have benefited from tax cuts are now warning of the damage that will be done to their future sales by import tariffs. Therein lies yet another Trump paradox, the wilful alienation of both rich and poor voters through contradictory policies and words. For his sake, he had better not testify before Mueller.

*It would require a simple majority in the House of Representatives and then an unlikely two-thirds majority in the Senate for his removal.

Dry Cargo Chartering

The **BDI** finished the week at 1,697, down from last weeks 1,723. The **cape** market closed the week at \$23,555, down \$1,818 from last weeks close. In the Pacific, Pacific Bulk fixed the *Shinyo Brilliance* (172,589-dwt, 2001) for delivery Fangcheng via Australia, redelivery Singapore-Japan at \$24,000 and POSCO fixed the K-Line TBN 150,000/10% for delivery Port Cartier, redelivery Kwangyang at \$27.23. In the Atlantic, Salzgitter fixed an Oldendorff Newcastlemax TBN 130000/10% for Narvik/Hamburg for at \$6.40. On the front haul, Vale fixed the *China Steel Vision* (209,900-dwt, 2016) 190000/10% for Tubarao/Qingdao at \$24.00 and the *Anangel Conqueror* (179,719-dwt, 2012) was fixed by Metalloinvest for delivery Yuzhny, redelivery Singapore-Japan at \$59,000. On the period front, Rio Tinto took a step into the unknown by fixing the *Gortynia* (182,608-dwt, 2015) for 34/38 months basis no scrubbers, delivery Far East for \$23,300 and the *China Pride* (177,856-dwt, 2009) was fixed by Oldendorff for 4/6 months, delivery Cape Passero, for \$33,500.

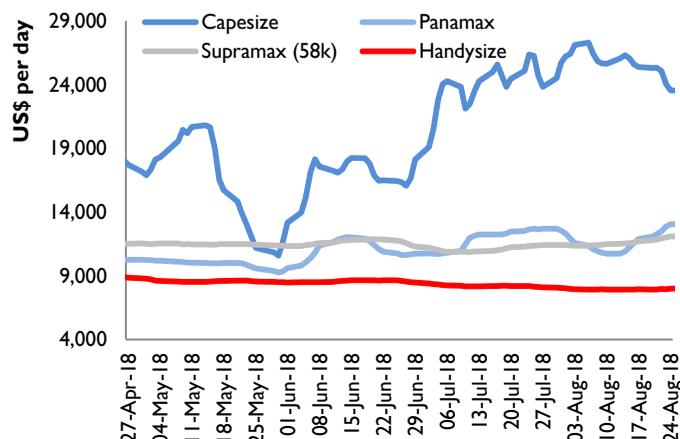
The **panamax** market closed the week at \$13,055, up from last weeks \$11,898. In the Atlantic, Olam fixed the *Talimen* (81,506-dwt, 2016) delivery Damietta for a trip via Black Sea, redelivery South Korea at \$25,000. Ausca fixed the *Tasos* (75,100-dwt, 2000) delivery East Coast South America for a trip redelivery Singapore-Japan range at \$15,500 plus \$550,000 bb. ACB fixed the *SBI Rock* (82,057-dwt, 2016) for 2 laden legs delivery Gib redelivery Skaw-Gib range at \$16,500. SwissMarine fixed the *Ever Grace* (82,039-dwt, 2015) delivery Hamburg for a trip via Baltic & Turkey redelivery Cape Passero at \$17,000. In the Pacific, Oldendorff fixed the *Sea Opal* (79,342-dwt, 2010) delivery retro Kandla 15th August for a trip via

North Coast South America redelivery Singapore-Japan range at \$13,000. Cargill fixed the *Eva* (82,301-dwt, 2013) delivery Zhoushan for a trip via NoPac redelivery Singapore-Japan with grains at \$14,000.

The **supramax** market closed the week at \$12,102, up from last weeks close of \$11,704. Rates in the Atlantic continued to support the BSI with rates out of the US Gulf and Black Sea continuing to hit well into the 20's and strong numbers out of East Coast South America. Oldendorff fixing the *Naess Intrepid* (63,685-dwt, 2015) delivery Mississippi River for a trip with petcoke to Morocco at \$23,000. XO Shipping fixed the *Nautical Aventurin* (56,778-dwt, 2012) delivery US Gulf for a prompt trip to India at \$25,000. The *Glafkos* (63,519-dwt, 2016) fixed delivery East Coast South America redelivery Singapore-Japan range at \$15,000 plus \$500,000 bb. In the Pacific, the *Ionic Unicorn* (60,411-dwt, 2016) fixed delivery Incheon for a trip via East Coast Australia, redelivery South Vietnam at \$11,750. The *Ocean Feather* (56,762-dwt, 2011) fixed delivery Penang for a trip with bauxite, redelivery China at \$11,500. On period, Cargill fixed the *Ocean Outstanding* (63,562-dwt, 2018) delivery CJK for 4/7 months, redelivery worldwide at \$13,300. The **handy** market closed the week at \$8,000, slightly up from last weeks \$7,945. Siva fixed the *Reliable* (38,800-dwt, 2017) delivery Continent for a trip via Baltic, redelivery Dakar at an impressive \$16,000. A 37k dwt was rumoured to have fixed at \$10,000 for US Gulf to Morocco and another 37k dwt fixed Paranagua to Skaw-Passero range at \$12,000. In the Pacific, the *Great Ocean* (35,152-dwt, 2011) fixed delivery Fujairah for a trip redelivery East Coast India at \$8,500.

Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate (\$)	Charterers	Comment
Genco Constantine	180,183	2008	Lianyungang	PPT	Hadong	25,500	GNS	
Chariklia	92,932	2011	Saldanha Bay	01-05 Sep	Mundra	15,500 + 550k bb	Klaveness	
GL Pirapo	98,704	2013	Paradip	01 Aug	India	13,000	CNR	Via RBCT
Navios Sphora	84,872	2016	Immingham	30 Aug	Skaw-Gibraltar	18,500	CNR	
Anna G	81,004	2014	ECSA	18 Sep	Sing-Jpn	16,750 + 675k bb	CNR	
Captian Tassos D	75,200	2011	Sea of Marmara	18-19 Aug	SEAsia	23,000	Fayette	Int Grains
Ocean Feather	56,762	2011	Penang	29-30 Aug	China	11,500	CNR	Int Bauxite
V Petrel	52,307	2004	Dhamra	PPT	Mumbai	10,800	Propel	
Cielo di Seto	37,133	2017	Paranagua	PPT	Sksw-Passero	12,000	G2 Ocean	
Team Samba	31,700	2005	Paramaribo	Beg Sept	India / Bangladesh	13,500	CNR	Int Logs



Exchange Rates	This Week	Last week
JPY/USD	111.21	111.41
USD/EUR	1.1614	1.1584

Brent Oil Price	This Week	Last week
US\$/barrel	76.07	73.47

Bunker Prices (\$/tonne)	This week	Last week
Singapore IFO	458.0	467.0
MDO	670.0	642.0
Rotterdam IFO	425.0	426.0
MDO	647.0	619.0



Dry Bulk S&P

There's been a certain sense of Deja vu writing this report over the last few weeks. The holidays continue, Friday rolls around, the sales tables remain short and the deals detailed within are fairly close to last done. This week, the exception that proves the rule is *CPO Oceania* (179,701, 2010, Daewoo). After a week of brokers debating whether the ship is committed or not, we're tentatively reporting as sold at \$27.2m. If correct, this price represents a step down on *True Navigator* and *True Windsor* (180k-dwt, 2011+2012, Daehan) sold for \$68.3m en bloc. The lower price on *CPO Oceania* is perhaps attributable to the distressed nature of the sale, despite accounting for this it still seems slightly soft.

Turnover continues in the handy sector, with two sales at similar levels to last done. *Global Arc* (33,438-dwt, 2013 Shin Kochi) is committed to Far Eastern Buyers in the low 15s, directly comparable to the sale of *PPS Ambition* (33,328-dwt, 2013 Shin Kurushima) which achieved 15.25m in April. Lastly *Bright Rainbow* (28,397-dwt, 2013, I-S) is committed in the low 11s, reportedly to British Bulkers, more or less in line with the sale of the one year older *Gloria Island* (28,401-dwt, 2012 I-S) in the low 10s last week.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price \$m	Comment
CP Oceania	179,701	2010	Daewoo	-	Undisclosed	27.2	
Navios Primavera	53,464	2007	Iwagi Zosen	C 4x30.5	Navios Maritime	10.5	Purchase Option
Global Arc	33,438	2013	Shin Kochi	C 4x30	Far Eastern	15.25	
Bright Rainbow	28,397	2013	I-S Shipyard	C 4x30.5	British Bulkers	11	

Demolition Sales

Vessel	DWT	Built	Yard	Type	LDT	Price (\$)	Delivery
West Energy	68,122	1979	Atlantique Chs	LNG	31,044	440	Bangladesh
Arkaim-7	5753	1978	Luerssen	Bulker	2,337	400	Bangladesh
Levant Suez	12,174	1979	NKK Corp	Cement Carrier	5,105	431	India



Tanker Commentary

Offers were invited this week on the LR2 *Glory Crescent* (105,405-dwt, 2013 HHI) following a number of inspections in Singapore. It is being reported the vessel has been sold for \$24.2m which if confirmed, will represent a substantial step down in values. That said, the vessel is uncoiled which typically a buyer would discount. The sale now makes the expectations of the Italian controlled LR2 *Pink Stars* (115,592-dwt, 2010 Samsung) look massively overvalued at \$26m.

We understand a total of 5 offers have been received with owners are yet to counter. Following a lack of in the LRI sector, it will be interesting to compare the prices against the LRIs sold from the Toisa fleet at a substantial discount.

Elsewhere in the product market, having been inspected by 8 parties, the pumphoom configuration MR *High Beam* (46,646-dwt, 2009 Naikai Zosen) has reportedly been committed in the high \$14m. The sale is in line with the last done sale of the *Silver Express* (47,401-dwt, 2009 Onomichi) sold earlier this month. Offers were also invited this week on the Formosa LRIs – *Formosa Falcon* (70,426-dwt, 2005 Universal) and *FPMC P Alpine* (70,426-dwt, 2004 Universal).

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price \$m	Comment
Glory Crescent	105,405	2013	HHI	Undisclosed	24.2	
PTI Phoenix	51,288	2007	STX	Greeks	12.5	
High Beam	46,646	2009	Naikai Zosen	Undisclosed	14.9	

Tanker Fixtures

Vessel	DWT	Built	Yard	Period	Rate (\$/pd)	Charterer
New Energy	318,866	2016	Dalian Shipbuilding	1 yr	22,000	BP
Red	159,068	2012	HHI	1 yr	16,000	Trafigura
San Saba	159,018	2012				
Almi Horizon	157,787	2011	Daewoo Shipbuilding	2 yrs	19,000	Koch Logistics
Energy Centaur	74,995	2008	Sungdong	1 yr	13,000	Shell
Energy Centurion						
Lara	50,655	2007	SPP Plant	1 Yr	13,000	Cargill
DL Cosmos	50,100	2007	SPP Shipbuilding	6 months	12,500	ST Shipping
Stenaweco Andrea Corrado	49,999	2015	Hyundai Mipo	6 months	15,000	AP Moller-Maersk

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