

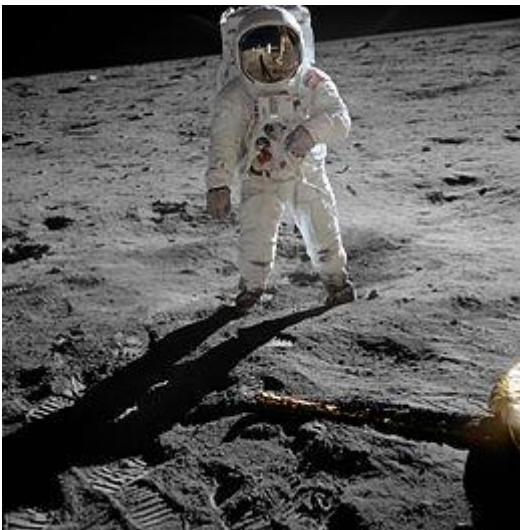


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THE BIGGER PICTURE

... One Giant Leap for Mankind ...



Source: NASA

POINTS OF VIEW

50 years ago, in July 1969, Apollo 11's lunar module Eagle landed Neil Armstrong and Buzz Aldrin on the moon while their colleague Michael Collins spent 21.5 hours in lunar orbit in the command module Columbia before picking them up to take them home. It was a remarkable achievement, fulfilling the pledge of JFK to land a man on the moon and return him to Earth before the end of the decade. Not that much has happened since. Back then, the US was motivated by a space race with Russia. It was hampered by the enormous cost of the programme, by a series of tragic accidents and by its unpopularity at a time when the US was waging war in Vietnam. In January this year, China landed its Chang'e-4 spacecraft on the far side of the moon, as if it had wanted to spoil the party, underlining 50 years of change and its arrival in space. Back on Earth, the US and China are engaged in a trade dispute in goods that is a phoney war for a much greater prize: domination of cyberspace via 5G and AI. There have been instances of hostile meddling in national elections and capability to launch malicious attacks on sensitive infrastructure ranging from power, water and rail networks to warships, telecommunications and air traffic control. The Cold War ended but Russia and China are joining a new arms race that will render obsolete old-fashioned US projections of power by aircraft carrier.

Shipping, a simple function compared with space exploration, is facing an unprecedented level of political interference. The US-initiated tariff wars are demand destructive as they raise prices for consumers. The IMO regulatory rules, especially those governing ballast water exchanges and low sulphur fuel, will prove disruptive. In the end, they should be good both for the environment and shipping as they will reduce harmful emissions, protect marine life, slow navigation speeds and eliminate inefficient ships. Stricter US sanctions on Iran and Venezuela, and renewed conflict in Libya, are causing oil prices to rise, with Brent now close to \$75 a barrel, 50% higher than it was on December 24, 2018. Monday's termination of US waivers on Iranian oil imports for eight leading nations* from May 1st has shocked the market. In April, China was committing to 50%, and India to 20%, of Iran's 1.5m-bpd of crude exports. They may seek concessions in their ongoing bilateral trade talks with the US before complying with its unilateral action against Iran. Saudi Arabia and the UAE are being circumspect in their response to US calls for higher production to balance the market. Meanwhile, Iran is repeating its threat to close the Strait of Hormuz, shutting in significant Arabian Gulf Opec exports.

Chinese Premier, Li Keqiang, spent only one day at the EU-China summit in Brussels but lingered longer at the 16+1 summit in Zagreb of central and eastern European countries plus China.[^] These nations are targets for Chinese direct investment under its Belt and Road Initiative. This involves Chinese funding and construction, often on opaque terms, that provides a convenient outlet for excess domestic capacity. Examples from Malaysia, Sri Lanka, the Maldives and Montenegro illustrate IMF-like debt trap risks that can lead to the surrender of sovereignty over vital projects as ambitious deals morph into debt for equity swaps. However, current Chinese investment in the Balkan region is small at 1% compared to the EU's 70%. Greece is said to be on the verge of transforming 16+1 into 17+1 just after Italy endorsed BRI. Both countries may have reasons to be upset with EU institutions and might believe that they can find an answer to their money problems by getting closer to China. China already owns the port of Piraeus and CSIC** is said to have just visited Croatia to advise on the restructuring of the ailing Uljanik Group.

More overt examples of state 'interference' in shipping exist. On Monday, Qatar formally launched a tender for 60 x 170,000-cbm LNG carriers to serve its expansion plans that will see its LNG output rise from 77-mtpa to 110-mtpa by 2024. This potentially shuts independent shipowners out of the trade. The Brazil-China iron ore trade is effectively state-controlled and the shipping increasingly rests with Chinese buyers. Q1 weather-related disasters cut global iron ore output with cargo moving under COAs and, with very little left over for the spot market, freight rates collapsed. Also on Monday, Cosco penned contracts for up to ten 210,000-dwt bulk carriers with the possibility to increase to up to 30 China-built units to service a Guinea bauxite import project. Cosco^{^^} has been behind huge containership orders and is mulling contracts for 25,000-teu ULCVs. Such state involvement in catering to an expanding cargo base might leave independent shipowners literally lost in space: overwhelmed by state-sponsored shipping capacity.

*China, India, South Korea, Japan, Taiwan, Turkey, Italy and Greece.

[^]The 16 countries, 11 of which are EU members, are: Albania, Bosnia & Herzegovina, Bulgaria, Czech Republic, Croatia, Estonia, Hungary, Latvia, Lithuania, Montenegro, North Macedonia, Poland, Romania, Serbia, Slovakia and Slovenia.

**State-owned China Shipbuilding Industry Corporation.

^{^^}Cosco (China Ocean Shipping Company) is a major part of BRI.

Dry Cargo Chartering

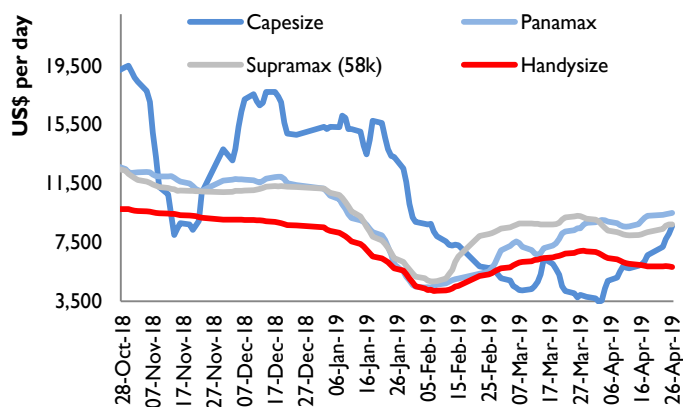
The **BDI** closed the week at 889. A welcoming sight for the **Capes** as the market continued on its upward trajectory this week, ending the week at \$8,596. In the Pacific, RGL fixed the *Aquarange* (179,842-dwt, 2011) relet by CCL for prompt delivery CJK for a trip via West Australia redelivery China at a low \$6,000. In the Pacific, the West Australia/Qingdao ore run saw numerous fixtures around the high \$5 mark with Rio Tinto covering 170,000/10% at \$5.45pmt and BHP Billiton fixing for the same run at \$5.90 and \$5.85 while Tubarao/Qingdao ore runs fixing around \$13.4 pmt. On period, Swiss Marine took *Lake D* (181,458 dwt-2011) delivery Fuzhou for 9 – 12 months trading, redelivery worldwide at around \$15,000. Signs of slight improvement are seen in the **Panamax** market as well, closing the week at \$9,485. In the Pacific, D'Amico took *Yasa Neslihan* (82,849-dwt, 2005) delivery passing Taiwan for a trip via Indonesia redelivery Hong Kong at \$8,800. The *Pan Mutiara* (81,177-dwt, 2012) was fixed delivery Hong Kong via Indonesia redelivery China at \$8,250 to Richland. In the Atlantic, rate appears to be holding firm. Cefetra took *BTG Fuji* (80,800-dwt, 2016) delivery East Coast South America redelivery Skaw-Passero for a trip at \$18,000. The *Egret Oasis* (76,028-dwt, 2014) was fixed to Starlog for trip delivery East Coast South America redelivery Singapore-Japan range at \$14,000 daily plus \$400,000 bb. On period, Oldendorff took *Santa Emilia* (76,800 dwt-2014) delivery Kinuura for 4 – 6 months trading, redelivery worldwide at \$11,000.

This week the **Supramax** market finished the week at \$8,703. In the Atlantic, *Levita* (63,532-dwt, 2017) was fixed by ADMI for a

prompt trip out of the US Gulf into the Continent with grains at \$12,500 and *Hercules* (56,546-dwt, 2012) fixed a front haul ex Antwerp for a trip to the Far East at \$16,000. In the Pacific, *JPS Barcelona* (55,548-dwt, 2010) fixed Indonesian coal delivery Fuzhou back into China at \$8,750 and *Densa Tiger* (55,089-dwt, 2010) fixed delivery Singapore for Indonesian coal into Vietnam at \$9,500. On the period side of things there was little in the way of reported fixtures. On the **Handies**, the Pacific market continued to remain relatively flat this week due to holidays, however there were encouraging signs in both the north and south. In the north, it was rumoured that a 34k open CJK failed on subs for a trip ex CJK into Chittagong redelivery Penang at \$5,800. In the south, *Cielo Di Amalfi* (37,322-dwt, 2007) open Indonesia fixed a clinker run into China in the mid 8's and it was rumoured that a 38k grabber fixed 9k for a pacific round with little other information. On the period side of things *New Frontier* (35,013-dwt, 2011) open Kaohsiung fixed 10/13 months at low to mid 9's for worldwide trading. It wasn't great news in the Atlantic which saw much of the same as prior to Easter. The US Gulf remained subdued with minimal cargo remaining for April dates. In the south Atlantic the *Valor SW* (29,181-dwt, 2008) fixed Recalada/US Gulf at \$10,000 however the market appeared to be softening with a 34 apparently fixing the same run at low 8's on Friday. The Continent remained firm with a good amount of cargo. We heard a 33k fixing \$7,400 for Rouen/Algeria. On period we heard a 38k fixing low-mid \$9's for 7-9 months delivery Brake although the redelivery wasn't reported.

Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate (\$)	Charterers	Comment
Navios Obeliks	181,415	2012	Tobata	19 April	Singapore-Japan	8,000	Minmetals	Via Australia
Aquarange	179,842	2011	CJK	PPT	China	6,000	RGL	Via West Australia
Yasa Neslihan	82,849	2005	Taiwan	27/28 Apr	Hong Kong	8,800	D'Amico	Via Indonesia
BTG Fuji	80,800	2016	EC South America	04 May	Skaw-Passero	18,000	Cefetra	
Egret Oasis	76,028	2014	EC South America	05/10 May	Singapore-Japan	14,000	Starlog	+ 400,000 bb
Livita	63,532	2017	US Gulf	PPT	Continent	12,500	ADMI	
Mandarin River	56,724	2011	Yangjiang	24 Apr	China	9,500	YND	Via Philippines
Hercules	56,546	2012	Antwerp	PPT	Far East	16,000	Aquavita	
Xin Hai Tong 9	48,897	2017	CJK	01 May	CJK	9,000	Tongli	Via Indonesia
Agios Fanourios	33,261	2009	NC South America	PPT	Mediterranean	7,000	Western Bulk	



Exchange Rates	This Week	Last week
JPY/USD	111.81	111.92
USD/EUR	1.113	1.131

Brent Oil Price	This Week	Last week
US\$/barrel	74.33	71.26

Bunker Prices (\$/tonne)	This week	Last week
Singapore IFO	457.0	427.0
MDO	642.0	625.0
Rotterdam IFO	428.0	420.0
MDO	609.0	598.0



Dry Bulk S&P

We have two weeks' worth of sales to report following the western Easter holidays last week. The lion's share of sales has been in the older supramax sector where Chinese buyers continue to mop up tonnage. Softening second-hand values and a strengthening scrap market have made the older panamax and supramax markets lower risk plays and turnover is brisk enough to expect that the value slide will to be reversed in the near future. Elsewhere appetite is curtailed by a freight market only showing the very earliest signs of green-shoots. High-capital investments are of limited appeal and the most pressure is on values for modern units. A few modern ultramaxs were reported sold earlier in the week at much reduced levels, but by the end of the week deals even at these softer levels had fallen apart.

Our Greek clients now retire for their Easter and our Japanese friends are embarking on Golden Week holidays and workers worldwide loosen their chains on May Day next week. We don't expect a very busy week ahead – but we are prepared for it.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price \$m	Comment
Shinyo Challenger	184,887	2002	Mitsui Eng.	-	Winning Shipping	12	
Shinyo Endeavour	170,578	2002	Sasebo	-	Seacon Ships Management	11	
Alam Pintar	87,052	2005	IHI Marine	-	Chinese	9.1	
Erato	74,444	2004	Hudong-Zhonghua	-	Undisclosed	7	
Nautical Amethyst	56,889	2011	Jiangsu New Hantong	C 4x30	Chinese	10.5	
Tamar	56,563	2010	Jiangsu Hantong	C 4x35	undisclosed	10	
Navios Mercator	53,553	2002	Iwagi Zosen	C 4x31	undisclosed	7	
Aghia Skepi	52,514	2002	Sanoyas Hishino Meisho	C 4x30	Fan Stone Marine	6.9	
Fermita	52,380	2001	Tsuneishi Cebu	C 4x30	undisclosed	6.7	
V Green Heron	51,557	2002	STX Shipbuilding	C 4x30	Turkish	6.5	bss DD due Dec 19
Aigeorgis	50,354	2001		C 4x35		5.8	
Aifanourios	50,220	2002	Shanghai Shipyard	C 2x35 C 2x30	Jinhui Shipping	6.3	enbloc deal
New Glory	30,570	2007	Shanhaiguan	C 4x30	undisclosed	7	
Ratu Tembaga	28,554	2004	Imabari	C 4x31	Lebanese Shipping Union	5.8	Possibly long sellers subs (30 days)

Demolition Sales

Vessel	DWT	Built	Yard	Type	LTD	Price \$	Delivery
Super Zearth	265,253	1995	Ishikawajima-Harima	Tank	31,141	380	'As is' Singapore
Oel Transworld	52,196	2000	Hyundai HI	Cont	16,160	480	India
Spring Mas	24,341	1997	Imabari	Cont	7,295	465	Bangladesh
Queen Of Luck	23,130	1995	MTW Schiffswerft	Cont	7,164	457	Bangladesh
Clean Ocean I	17,000	1991	Shikoku Dockyard	Bulk	4,929	Undisclosed	Bangladesh
Baltic Prince	10,713	1990	Shikoku Dockyard	Reef	6,245	430	India
Shin Hang	9,746	1985	Shikoku Dockyard	Reef	4,995	392	Bangladesh
Orca 2	8,609	1991	Orskov Christensens	Cont	3,729	430	Pakistan
Green Music	6,116	1990	B.V. v/h Scheepswerfen Gebr.	Reef	3,045	415	India



Tanker Commentary

This week we can report the sale of yet another Japanese built pumproom type MR to change hands. Unique Shipping of Hong Kong have sold the *Unique Explorer* (50,090-dwt, 2010 Onomichi) to clients of Pallonji. The reported price of \$17.5m is a firm one when you take into account recent transactions. This month Transpetrol sold their *Alpine Venture & Alpine Loyalty* (46,000-dwt, 2010 HMD) for \$18m each. Generally we expect to see between a \$1m-1.5m discount for the pumproom type ships vs deepwell designs, so this weeks deal is certainly a firm step up. The deal marks the 18th MR under 15 years old to change hands this year, of which exactly half have been

pumproom configured vessels. In the crude sector clients of Dr Peters have sold their vintage *Ds Melody & Ds Symphony* (149,995-dwt, 2001 Sasebo) to NGM Energy for \$11.8m each. The price may seem on the low side, but with BWTS installation costs and the uncertainty of how much bunkers will cost in 2020, prices and interest in these older more heavy consuming ships is certainly dwindling. This is resulting in a two tiered market with considerable pressure on the prices for vintage vessels opening up opportunities for some more bullish owners.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price \$m	Comment
Ds Melody	149,995	2001	Sasebo Heavy Industries	NGM Energy SA	11.8 each	
Ds Symphony	149,995	2001				
Unique Explorer	50,090	2010	Onomichi Dockyard	Pallonji	17.5	
Anichkov Bridge	47,842	2003	Hyundai Mipo Dockyard	Taiwanese	10.8	

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