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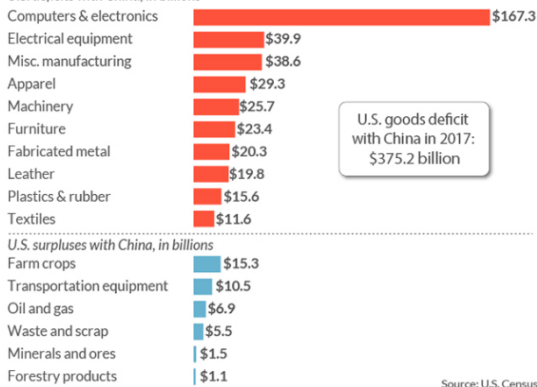
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THE BIGGER PICTURE

... G20 in BA : From Poker to Tango ? ...

One-sided deal? U.S.-China trade in 2017

China runs up huge surpluses in tech, manufacturing
U.S. deficits with China, in billions



Source: MarketWatch

^The BoE's disorderly Brexit option foresees an 8% one-year fall in GDP, a 30% fall in house prices, a collapse in the pound and a people exodus.

** ... You can check out any time you like, but you can never leave! ... "

^^If Parliament rejects the deal then one could argue that the referendum process has run its course, opening the door to other solutions.

**Data courtesy of the Shipping Intelligence Network.

POINTS OF VIEW

On December 11 there will be a UK parliamentary vote on the UK's withdrawal from the EU. On offer is the choice between the Mrs May(be) plan, a non-binding wishlist of topics for future negotiation, or No Deal. Government and Bank of England economic modelling of these two scenarios indicate economic growth contraction in both these instances, but a much larger one in a No Deal event. Project Fear has morphed into Project Hysteria, and the whole sorry exercise is an embarrassment to UK citizens. Mrs May has repeatedly claimed that no deal would be better than a bad deal, but this is completely disproved by the backworked government and BoE forecasts.^ Her 'deal' is a bad one and no deal would be an even worse one. MPs apparently have no appetite for either and are already planning their next steps. They have not been swayed by the EU's insistence that Mrs May's Chequers-Lite deal is the only one on the table, or by the crocodile tears of Donald Tusk and J.C. Parliament is unable to unilaterally revoke Article 50 as this needs EU27 approval. It is not possible to abandon Brexit, to belatedly treat it as an exercise in futility, to acknowledge that it really is like Hotel California*, to confess that we will be held in limbo for up to 10 years, or even longer, as we endlessly negotiate new terms of engagement with 27 nations, each with its own vested interests.

The referendum confirmed the decision to leave, so revoking Article 50 is not a constitutional option while a second referendum would be contentious and pointless, as technically it should not include an option to remain, offering only choices in the ways of leaving.^ A revocation or a second referendum would undermine democratic principles that are already under fire in the US and in many countries around the world that look to the US and UK to uphold democracy, not undermine it. We risk putting the world on a road to autocratic perdition with the prospect of insurrection if the remain-orientated parliamentary elite overturns the referendum result. A general election, a Labour victory, and a shift to the hard left, would be a real possibility in the UK. A more likely outcome is a request to extend Article 50 and to negotiate a Norway-style soft Brexit with EU permission. When the UK negotiating team reappears in Brussels some time after December 11, the EU27 would do well to remember how we got to where we are. The EC's decision to send David Cameron back home without any concessions, including the all-important emergency brake on migration, helped transform a 52:48 vote to remain to a 52:48 vote to leave. The situation we find ourselves in now is an omnishambles but it is not uniquely of the UK's own doing. It has distinctly European characteristics.

This week Mr Trump cancelled his G20 meeting with Mr Putin, ostensibly due to the Russia-Ukraine spat, but more likely because of the Mueller-Cohen revelations. Jerome Powell has caved in to constant badgering on interest rates with the Fed now hinting at nearing the top of the rate tightening cycle, boosting corporate prospects and lifting equities. Tomorrow we have the Trump-Xi dinner in Buenos Aires on the fringe of the G20. US soybean farmers hope that the two sides can use this rare opportunity to end, rather than escalate, their senseless trade war. The bulk carrier market will get a steer from the outcome of these talks. MbS landed in Argentina midweek, risking that Mr Trump's support will save him from the remote chance of being arrested in BA. The US, Russia, KSA and China will discuss oil output and the direction of oil prices. The tanker market will be able to form a view of future demand dynamics. Failure to resolve the US-China trade dispute will see the US raise import tariffs on \$200bn of Chinese goods from 10% to 25% in January. It may also impose duties on the remaining \$255bn of Chinese imports covering the 2017 total of \$505bn of US Chinese goods imports. Any such move will effectively lay more tax on consumers, drive up inflation, tighten credit and decrease discretionary spending – possibly to the detriment of container trades worldwide.

So, a lot is riding on the outcome of various events over the next 14 days. The demand side is hard to fathom given Brexit and trade wars, upended politics and strained global relations, alternative facts and fake news, regulatory risks and rewards, polarised left and right thinking and an ex-US economic slowdown. In shipping, we are relying upon a rare positive supply side shock to come to the rescue, a reduction in the rate of fleet growth over the next few years. Orderbook to fleet ratios are historically low while net fleet capacity growth versus sector seaborne trade growth will be better balanced in 2019**:. 2.9% versus 3.0% for bulkers, 3.7% versus 3.9% for crude, 2.7% versus 3.2% for products and 3.2% versus 3.8% for containers. Finally, things are looking up, shipping-wise at least.

Dry Cargo Chartering

The **BDI** closed the week at 1,231, up from last weeks close of 1,093. After falling off a cliff the **cape** market started with a much needed boost on Monday and Tuesday. It however tailed off as the week went and eventually closed at \$13,816 up from last weeks \$10,853. On voyage, Dampier/Qingdao runs were being fixed at \$7.75 on Monday. By the end of the week it was closer to \$7.51 although rates did hit \$8.55 at one stage. In comparison, Tubarao/Qingdao were fixed at \$17.50. On TCT, Daelim fixed the *Mineral Subic* (179,397-dwt, 2011) delivery Tianjin for a trip via Vanino, redelivery South Korea at \$16,500. The *Iron Miracle* (180,643-dwt, 2011) fixed delivery retro Ningbo for a trip via Brazil, redelivery Singapore-Japan at \$15,000. The *Stella Flora* (176,292-dwt, 2012) fixed delivery Newcastle for a trip redelivery South Korea at \$18,000 plus \$570,000 bb.

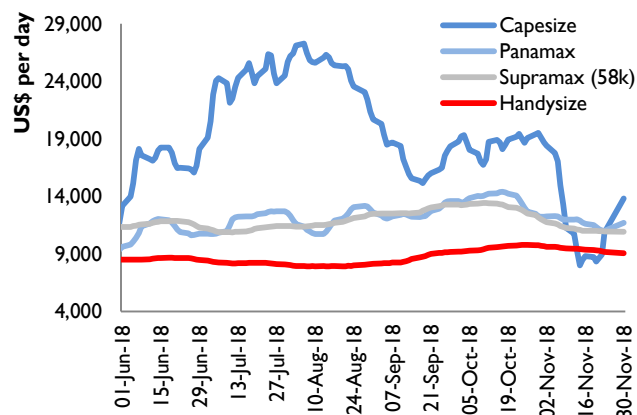
The **panamax** market closed the week at \$11,694, up from last weeks close of \$10,996 with some big numbers reported in the Atlantic for front haul. Solebay fixed the *Kea* (75,633-dwt, 2010) delivery East Coast South America, redelivery Singapore-Japan at \$14,200 plus \$420,000 bb. Meadway fixed the *Arsinoe* (81,565-dwt, 2015) delivery Pecem for a trip redelivery Singapore-Japan at \$15,000 plus \$500,000 bb with Meadway.

Amaggi fixed the *Konstantinos II* (81,698-dwt, 2013) delivery NCSA redelivery China at \$15,250 plus \$525,000 bb. In the Pacific, Hyundai Glovis fixed the *Navios Avior* (81,600-dwt, 2012) delivery CJK for a trip via East Australia, redelivery India at \$10,700. Norvic fixed the *Darya Ma* (81,874-dwt, 2011) delivery Jingtang for a trip via East Australia, redelivery Vietnam at \$10,250.

The **supramax** market closed the week at \$10,915, down from last weeks close of \$10,950. The **handy** market closed the week at \$9,043, down from last weeks close of \$9,176. Little was reported in the Atlantic however front haul rates ex US Gulf and Black Sea remained in line with last done. Elsewhere, Cargill fixed the *Bulk Atacama* (61,384-dwt, 2014) delivery SWP for a trip with grains to WCCA at an impressive \$30,000. On the handys, Pacific Basin fixed the *Corsair* (35,062-dwt, 2001) delivery North Brazil for a trip to West Mediterranean with sugar at \$14,900. In the Pacific, Oldendorff took *Tai Shine* (61,476-dwt, 2016) delivery Makassar for a trip via Port Lincoln redelivery Singapore-Japan range at \$10,750. On the period front. *Rowan 2* (53,100-dwt, 2009) delivery Map Ta Phut fixed for 4-6 months worldwide trading at \$8,500 to Western Bulk Carriers.

Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate (\$)	Charterers	Comment
Iron Miracle	180,643	2011	Retro Ningbo	15 Nov	Singapore-Japan	15,000	CNR	Via Brazil
Stella Flora	176,292	2012	Newcastle	15/19 Nov	South Korea	18,000	Ssangyoung	\$570,000 BB
Konkar Venture	82,099	2015	ECSA	30Nov/10Dec	Skaw-Passero	19,500	CNR	-
Darya Ma	81,874	2011	Jingtang	30 Nov	Vietnam	10,250	Norvic	Via ECAUS
Arsinoe	81,565	2015	Pecem	12/18 Dec	Singapore-Japan	15,500	Meadway	\$500,000 BB
Tai Shine	61,473	2012	Makassar	PPT	Singapore-Japan	10,750	Oldendorff	Via Port Lincon
Fareast Harmony	56,756	2012	Kandla	2/6 Dec	PG	8,000	CNR	-
Dorado	56,507	2013	SAFR	Mid Dec	PG	11,800	Thoresen	\$200,000 BB
Crosair	35,062	2001	NBrazil	PPT	WMED	14,900	Pacific Basin	Sugar
Glorious Sunrise	28,141	2014	Port Kelang	1/4 Dec	SEAsia	8,000	Meadway	Via Malaysia



Exchange Rates	This Week	Last week
JPY/USD	113.51	112.83
USD/EUR	1.1322	1.1347

Brent Oil Price	This Week	Last week
US\$/barrel	58.80	60.22

Bunker Prices (\$/tonne)	This week	Last week
Singapore IFO	410.0	455.0
MDO	560.0	610.0
Rotterdam IFO	359.0	381.0
MDO	533.0	562.0



Dry Bulk S&P

We have a diminished list of sales to report this week. The oscillations of the capesize index and its out-weighted effect on the headline BDI seem to have sown a degree of doubt in the second-hand market. For every buyer who is stepping back from transacting, an equal number of sellers are declining to bite the bullet. Turnover slows and as the holiday season approaches, will be hard to accelerate in the short term. There are just sixteen banking days 'til Christmas.

Action, such as it is, divides equally between capes and supras.

For the capers, Sanko Steamship are reported to have sold *Euro Fortune* (177,477-dwt, 2005 Mitsui) for something in excess of \$16m. If this turns out to be less than \$17m then we can conclude that the recent decline in the capesize index has indeed infected second-hand values. A second caper, *Nord Steel* (80,230-dwt, 2007 Imabari) is also reported to have changed hands, but this was an off market deal and we have no idea yet at what level.

In the supramax sector there is a neat illustration of the value of Tier 2 engines, at least in the Chinese market. *SSI Invincible* (57,017-dwt, 2010 Zhenghe, Tier 2) was sold to Chinese buyers (a subsidiary of China Merchant) for \$12.3m, while the tier 1 *Nautical Amethyst* (56,889-dwt, 2011 Hantong) managed a more modest \$11.3m in the Greek market. Lastly a third unit inviting offers last week is a neat illustration of this shall-I-stay-or-shall-I-go market. It is unknown if the *PM Hayabusa* (58,065-dwt, 2013 Tsuneishi Cebu) is sold within Japan at Japanese-refinance levels or has been withdrawn.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price \$m	Comment
Nord Steel	180,230	2007	Imabari	-	undisclosed	undisclosed	
Euro Fortune	177,477	2005	Mitsui Eng.	-	undisclosed	excess 16	
SSI Invincible	57,017	2010	Zhejiang Zhenghe	C 4x36	China Merchant Subsidiary	12.3	
Nautical Amethyst	56,889	2011	Jiangsu New Hantong	C 4x30	Greeks	11.3	

Demolition Sales

Vessel	DWT	Built	Yard	Type	LDT	Price (\$)	Delivery
SKS Trinity	109,798	1999	Hyundai HI	Comb	18,709	undisclosed	Basis delivery India
Moscow River	106,552	1999	Nippon Kokan	Tank	16,290	425 Nett	'as is' Singapore
Moscow University	106,474	1999	Nippon Kokan	Tank	16,368	425 Nett	'as is' Singapore
Anl Wahroonga	68,063	2002	Hyundai HI	Cont	23,349	462	'as is' Singapore
Auto Atlas	23,069	1988	Daewoo	RoRo	14,251	490	India/Bangladesh

Tanker Commentary

The headlines this week have been dominated by the well publicized merger of Capital Product Partners and Diamond S Shipping creating the third largest product tanker owner globally maintaining the Diamond S brand. Coincidentally the lions share of sales activity, as has been the case in recent weeks, stems from the product tanker sector. Despite earnings not experiencing the same level of appreciation as crude spot rates, interest remains strong with well capitalised European buyers competing to acquire tonnage – mainly in the MR sector.

Jo Tankers are reported to have acquired a pair of HMD built deepwell MRs – *Gan-Tribute* and *Gan-Triumph* (49,999-dwt, 2010 HMD) for \$19m each. It is interesting contrast that the same age pumproom configuration *Unique Developer*

(47,366-dwt, 2010 Onomichi) has been sold for \$17m suggesting a firm price was paid for the former given the differential in designs is typically less. Elsewhere, the Japanese controlled pumproom *Challenge Point* (45,997-dwt, 2008 Shin Kurushima) has reportedly been committed to Kassian in the region of \$13.9m which looks a very attractive deal in comparison particularly given the vessel has passed DD this year and has a US coast guard exception on Ballast Water until December 2020. Finally, *Empire Navigation* are reported to have sold MR *Kentaurus* (46,763-dwt, 2007 Sungdong) for \$13.7m to undisclosed interests wrapping up an MR dominated week.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price \$m	Comment
SCF Altai	159,417	2001	Hyundai HI	Greeks	13	
Aegean Faith	106,074	2003	Hyundai HI	Avin	12.5	
Gan-Triumph Gan-Tribute	49,999	2010	Hyundai Mipo	Jo Tankers	19	
Unique Developer	47,366	2010	Onomichi	undisclosed	17	
Ardmore Seatrader	47,141	2002	Onomichi	Indians	Excess 8	
MR Kentaurus	46,763	2007	Sungdong Shipbg	undisclosed	13.7	
Challenge Point	45,997	2008	Shin Kurushima	Kassian	13.9	

Tanker Fixtures

Vessel	DWT	Built	Yard	Period	Rate (\$/pd)	Charterer
Loire	159,000	2016	New Times	3 yrs	27,000 each	BP
Namsen	157,500					
Prostar	114,000	2019	Daehan	2 yrs	30,000	Vitol
Prosky	114,000				20,000	
Pacific A Dorodchi	110,000	2016	Daehan	1 yr	20,500	Navig8
Oberon	106,000	2006	Hyundai Samho	1 yr	16,500	ST Shipping
Spruce 2	73,800	2008	New Times	6 mths	13,250	Trafigura Beheer
Pyxis Malou	50,700	2009	SPP	6 mths	13,650	
Omodos	50,500	2009	SPP	6 mths	13,250	Koch Logistics
Pyxis Delta	46,600	2006	Hyundai Mipo	6 mths	12,950	Trafigura Beheer
Advantage Park	37,300	2006		1 yr	13,000	
Advantage Pride	37,300	2006		1 yr	14,000	
Countess I	34,800	2002	CSSC OME	6 mths	13,650	

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