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## THE BIGGER PICTURE

... Try Trumping This! ...



Source: batman.wikia.com

## POINTS OF VIEW

Today President Trump's grace period expired and he duly went ahead and imposed his threatened tariffs on steel and aluminium imports from the EU, Canada and Mexico. If he can do this to his allies then it makes one wonder what more he might do to his opponents. Trump has messianic support from a diverse bunch of people ranging from rednecks to intellectuals and he is determined to somehow throw them a bone. To his credit, he is willing to tackle the difficult issues that former presidents all chose to leave alone, as they are well known to be career limiting. With the 4-5 year election cycle most western politicians and governments stick to deliverable policies with an eye on re-election. Not so Trump, as he does not really care if and when his political run ends, but he intends to be a major disruptor for as long as he is in the White House. Contrast this with China's Xi Jinping who was recently confirmed as president for life. This exposes the limitations of super-short western political cycles when viewed against the Chinese 100-year model. Over the past 40 years, since Deng Xiaoping opened up China to the world in 1978, successive western governments have watched China's power and influence grow, while doing nothing at all to contain it. Take just one example. Worldsteel reports that China made 32 million tonnes of crude steel in 1978 compared with 830mt in 2017, half of world output. Such prolific growth is replicated across many heavy industry and manufacturing sectors as the world has surrendered these functions to China and other Asia, and with them the pollution that is their inseparable partner. China dominates the world in steel, cement, coal and manufactures and is the largest producer of ships, high-speed trains, robots, tunnels, bridges, highways, computers and cell phones. The West has willingly given up its former leadership in these areas.

The West's dwindling industrial and manufacturing processes are being further eroded and marginalised as China's overcapacity in all things continues to be exported into overseas markets at cut-throat prices. The One Belt, One Road policy is just the latest manifestation of a multi-decade plan that sees China dominate global supply chains on land and at sea. It is gradually gaining control over the world's natural resources and winning the right to fix the price of all manner of finished goods that it makes both at home and abroad. China is already moving up the value chain as low level manufacturing has migrated to southeast Asia and the Indian subcontinent. China is now targeting hi-tech, information technology, artificial intelligence and robotics and, as President Trump rightly pointed out, it has helped itself to US and other intellectual property rights to speed it on its way. President Trump must still be deciding how he will deal with China as he opens up multi-front trade assaults on his global counterparts. Unfortunately, he is shutting the stable door well after the horses have bolted. It is curious that he has fired the opening salvo in a potential worldwide trade war at his neighbours and friends. In targeting steel and aluminium he is trying to revive what are already sunset industries in the US; he will not bring back steelmaking and shipbuilding jobs to America. This trade disruption is all so unnecessary as free trade is only conceptual. Tariffs exist across the world and the latest tit-for-tat upward adjustments will achieve nothing but harm to all sides. Besides, the US cannot champion free trade as long as it retains the Jones Act that sees seaborne trade between US ports serviced exclusively by US-crewed, US-flagged, US-built ships that are priced at 3-4 times as much as they cost to build in Asia.

The Jones Act is justified on national security grounds, as the ships can be requisitioned in times of war. The steel and aluminium tariffs\* are justified on the same grounds as critical military weapons have become dependent upon the import of specialised metal components from abroad, thus undermining national security. As America always knew that it would never outsource the manufacturing of aircraft carriers and F18s it should have retained its ability to make these components at home, even at higher prices. That brings us back full circle to the short-termism of western politicians, incapable of joined-up thinking and saddled with myopic perspective. Meanwhile, China has a clear vision of what it intends to achieve over the decades to come, happily exploiting the deficiencies of other political systems. We must await what President Trump has in store for China<sup>^</sup> as he is currently preoccupied in trying to squeeze the life-blood out of Russia, Iran and Venezuela. As of today bourbon-swilling, jeans-clad, European pensioners on Harley Davidsons will have to pay rather more for their retirement pursuits as the EU seeks to undermine Trump's voter base with retaliatory tariffs. Traditionalist conservatives who have no time for Trump may at least see the beginning of his end as this brief and chaotic political career goes the same way as his long and chaotic business one.

\*25% on steel and 10% on aluminium.

<sup>^</sup>US Commerce Secretary, Wilbur Ross, arrives in China tomorrow to discuss how to reduce the \$375bn US trade deficit with China.



## Dry Cargo Chartering

The **BDI** closed the week at 1,156, up from last weeks close of 1,077. The **cape** market continued its dramatic up and down trend, closing the week at \$13,180. On the final 2 days of the week the index rose by an impressive \$2,597. Combined with the tuck strike being resolved in Brazil it was good news for many cape owners. Fave Ocean fixed the *Golden Amreen* (179,377-dwt, 2015) delivery COGH for a prompt trip via Port Cartier, redelivery Cigading at \$21,000. Panocean fixed the *True Chariot* (182,571-dwt, 2015) delivery Fangcheng via Australia, redelivery Singapore-Japan at \$18,700. On voyage, FMG fixed a TBN 160,000/10% ore Port Hedland/Qingdao at \$6.65 fio. Rio Tinto fixed the *Navios Azimuth* also at \$6.65 for 170,000/10% Dampier/Qingdao. Coal voyages were similar, with Jianguo fixing a TBN 150,000/10% Samarinda/Mundra at \$6.50 fio.

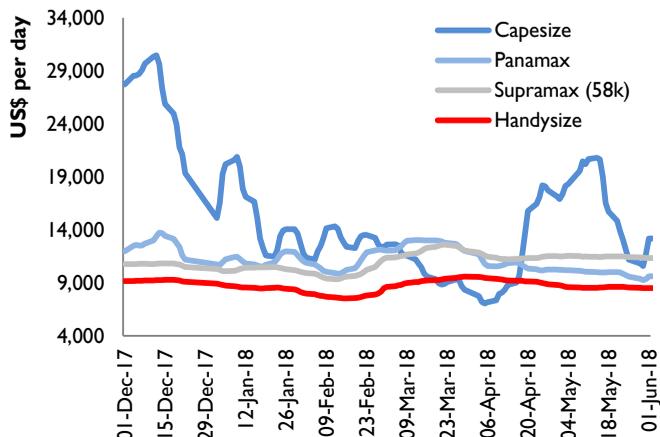
The **panamax** market closed the week at \$9,604, slightly up from last weeks close of \$9,572. In the Atlantic, the *Knossos Wave* (87,332-dwt, 2012) fixed delivery retro Gibraltar via US Gulf redelivery Continent at \$9,000 to Bunge. Louis Dreyfus took the *New Ascent* (82,179-dwt, 2012) delivery Rio Grande redelivery Skaw-Gibraltar at \$15,250. On front haul, Hudson fixed the *Shao Shan 6* (75,700-dwt, 2012) delivery East Coast South America redelivery Singapore-Japan at \$13,750 plus \$375,000 bb. Also on front haul, Itiro fixed the *Chrysanthi* (80,268-dwt, 2012) delivery Hamburg via Murmansk redelivery Singapore-Japan at \$16,000. In the Pacific, Unico took the *Da Ying* (75,318-dwt, 2003) delivery CJK for 2 laden legs, 1<sup>st</sup> leg Australia to Cigading redelivery Singapore-Japan at \$11,000.

The *Medi Matsuura* (81,788-dwt, 2015) fixed delivery Matsushima via Australia redelivery Japan at \$12,750 to Jera Trading. On the period front, Jera Trading again fixed the *Prabhu Shakti* (83,690-dwt, 2009) delivery Songxia for 12 months trading redelivery worldwide at \$13,250.

The **supramax** index closed the week at \$11,342, down from last weeks close of \$11,431. The **handy** market closed the week at \$8,486, down from last weeks \$8,559. In the Atlantic, the *Bunun Brave* (45,556-dwt, 2014) fixed delivery Nemrut Bay for a trip via East Mediterranean, redelivery Spain at \$10,500. Louis Dreyfus fixed the *Equinox Eagle* (61,208-dwt, 2015) delivery SWP for a prompt trip, redelivery Egypt with grains at \$14,250. Oldendorff fixed the *Tomini Symphony* (63,560-dwt, 2016) delivery Cristobal redelivery East Mediterranean with grain at \$13,750. Dreyfus also fixed the *Aquakula* (55,309-dwt, 2007) delivery Santos for a trip to Chittagong with sugar at \$13,250 plus \$325,000 bb. In the Pacific, the *New Liu Lin Hai* (55,677-dwt, 2004) fixed delivery Rizhao for a trip redelivery South East Asia at approximately \$10,000. The *Indigo Flora* (58,724-dwt, 2013) delivery Davao for a prompt trip via Indonesia, redelivery China at \$14,750. Elane Bulk fixed the *Trenta* (56,838-dwt, 2010) delivery Phu My redelivery China at \$12,500. The *De Sheng Hai* (38,831-dwt, 2017) fixed delivery Gresik for a trip via Indonesia, redelivery China at \$12,750. On period, Glencore fixed the *Laura* (63,399-dwt, 2015) delivery Gibraltar for 3/5 months trading redelivery Atlantic at \$13,000.

### Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate (\$)	Charterers	Comment
Aquagrange	179,000	2011	Zhoushan	01-02 May	N.China	15,000	JSSSC	Via Australia
Besiktas Azerbaijan	169,263	2010	Gibraltar	01 Jun	Gibraltar-Skaw	10,500	Oldendorff	
Navios Harmony	82,790	2006	Zhoushan	01 Jun	ECI	11,000	Bostomar	Via EC Australia
Odysseus N	79,642	2011	ECSA	13 Jun	Sing-Jpn	14,000 + 400k GBB	Bunge	
Lucky Star	76,662	2002	Trombetas	01-02 Jun	India	14,500 + 250k GBB	Bunge	Int Bauxite
Tomini Symphony	63,560	2016	Cristobal	PPT	E Med	13,750	Oldendorff	Via USG
Trenta	56,838	2010	Phu My	30-31 May	China	12,500	Elane Bulk	Via Indonesia
Baltic Cougar	53,100	2009	Krishnapatnam	SPOT	China	9,100	Perfect Bulk	Via WC Australia
Bunun Brave	45,556	2014	Nemrut Bay	29-30 May	Spain	10,500	CNR	Via East Med
CMB Juliette	33,683	2011	ECSA	PPT	WCSEA	12,000	CNR	



Exchange Rates	This Week	Last week
JPY/USD	109.48	109.22
USD/EUR	1.1683	1.1657

Brent Oil Price	This Week	Last week
US\$/barrel	77.10	76.75

Bunker Prices (\$/tonne)	This week	Last week
Singapore IFO	452.0	456.0
MDO	683.0	690.0
Rotterdam IFO	434.0	432.0
MDO	655.0	665.0



### Dry Bulk S&P

The market is relatively quiet with a limited number of sales reported. You can choose from a range of reasons for the lack of activity, from the macro (the Trumpian trade war) to the micro ("it's Posidonia next week!") but the reality is that a large number of units are sitting in the market and few buyers are stepping up to the sellers' expectations. That is not to say the market is softening. Sellers understand that the fundamentals, principally a shrinking orderbook, are sound and that an infusion of cargo into this market will boost values quickly.

Chinese buyers continue to mop up any tonnage that hovers above the Chinese class age limit. At least three, possibly four, older panamaxs have been sold to China this week. *Solana* (74,756-dwt, 2001 Hyundai), *Omiros* (73,326-dwt, 2001 Sumitomo) and *Atlantic Hawk* (74,204-dwt 2002 Oshima) are reported at \$8.7m, \$8.8m and something in the low 9s respectively. The more modern *Medi Genova* (75,767-dwt 2004 Sanoyas) is rumoured sold at \$11m to as yet undisclosed buyers.

Elsewhere *Dubai Energy* (55,389-dwt 2005 Oshima) is reported sold for \$11m - the sale was actually concluded over a month ago, and the price is in line with market benchmarks both then and now.

Finally positive market movement is recorded in the handysize sector. Sisters *Silvretta* and *Silvaplana* (29,721-dwt, 2003 Shikoku) are sold at something around \$14m enbloc to Greek buyers. Probably the *Silvaplana* was sold at excess \$7m with her surveys passed and the *Silvretta* below \$7m with surveys due in December. In either case these levels are a jump up from last weeks *Clipper Lasco* (28,371-dwt, 2004 Imabari) at \$6.85m, which in itself was a decent improvement on last. The smaller, older handies continue to be much in demand. Offers were made on Wednesday for the Japanese controlled *King Wheat* (33,387-dwt, Shin Kochi 2009) but as yet no information has yet been received on price or direction - or indeed if she is sold.

#### Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price \$m	Comment
Medi Genova	75,767	2004	Sanoyas Hishino	-	Undisclosed	11	
Solana	74,756	2001	Hyundai Ulsan	-	Chinese	8.7	
Atlantic Hawk	74,204	2002	Oshima	-	Chinese	Low 9s	
Omiros	73,326	2001	Sumitomo	-	Chinese	8.8	
Dubai Energy	55,389	2004	Oshima	C 4x30	Undisclosed	11	
Silvretta	29,721	2003	Shikoku	-	Greeks	14 (enbloc)	
Silvaplana							

#### Demolition Sales

Vessel	DWT	Built	Yard	Type	LDT	Price	Delivery
Nordic Jupiter	157,406	1998	Daewoo	TANK	22,615	446.50	'As is' Singapore
Nordic Fighter	153,328		Hyundai Ulsan		21,853		
Sage Pioneer	104,024	1999	Samsung	TANK	17,710	441	Full SubCont range
Itea	48,304	1998	Hyundai Ulsan	CONT	15,804	468	'As is' Hong Kong
Martha Tender	29,998	1987	Shin Kurushima	TANK	6,050	295	'As is' Indonesia
Misir Gas	9,550	1976	Meyer JL	GAS	5,890	470	India



## Tanker Commentary

The relentless dark clouds of the tanker market have by no means parted, but for many, the upcoming Posidonia parties will provide a welcome and much needed distraction. In the run up to the bi-annual shipping event, Greek owners have been keeping busy in the SnP market. This week we have four sales to report, all of which are rumoured to be heading to the Greek fleet. The Toisa train continues to roll ahead with a further two LRIs sold. It is understood that the dirty trading *United Carrier & United Ambassador* (73,000-dwt, 2007 New Century) have gone to two separate buyers for a repeat price of \$10.3m each. Those with LRIs in the market will be taking a sharp intake of breath on this news with prices shifting down some 20%. Time will tell how many sellers of LRIs will be willing to follow these prices down.

In the aframax sector, there are reports that NS Lemos have disposed of a pair of older wide beam aframaxes to fellow compatriots Thenamaris. The *Pantelis & Sparto* (both 114,500-dwt, 2004 Samsung) are understood to have obtained \$11.5m which appears firm compared to recent sales of similar vintage aframaxes however it is worth noting this is a wide beam design and likely to be well maintained.

Prices across all sectors are now at extremely attractive levels, and with reports that Opec are set to turn the taps on again, should prospective buyers be moving sooner rather than later? A topic of conversation for the Island Club perhaps..

### Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price \$m	Comment
Pantelis	114,500	2004	Samsung	Thenanaris	11.5 (each)	
Sparto						
United Carrier	73,675	2007	New Century	Greeks	10.3 (each)	
United Ambassador	73,584					

### Tanker Fixtures

Vessel	DWT	Built	Yard	Period	Rate (\$/pm)	Charterer
Nordic Aquarius	157,000	2018		3 years	21,000	NAT
Mersini	51,753		Hyundai Mipo			
Gerakas	49,997	2009	SPP	1 year	13,250	World Tankers

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