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Correction Coming?

... Sadly, support for Ukraine is dwindling ...

Disagreement With Aid Rises Even Among Ukraine's Allies

Share of respondents in selected NATO countries who disagree with continued support for Ukraine



Somewhat/strongly disagree.
1,000 respondents (18+ y/o) per country surveyed Apr./May 2024/Nov. 2022
Source: NATO

statista

Source: Statista

*Undocumented workers crucially comprise nearly half of America's agricultural workforce, threatening food left to rot in fields, shortages and price rises in shops.

"Tariffs on production inputs, retaliatory foreign levies and reduced competition would throttle real output, triggering a sharp, one-off jump in the price level." The Times.

**The Musk/Ramaswamy-led Department of Government Efficiency has promised to implement "mass headcount reductions" in the size of the government workforce.

^Exit polls from the Nov 5 presidential election show that inflation topped the list of reasons for the public's rejection of Kamala Harris, Biden's chosen successor.

^^Zelensky may even welcome Trump's return as he has been consistently let down by Biden's delays in supplying money/weapons. Now his forces are on the retreat.

+In Sep, India took 43% of CIS (Russia, Kazakhstan, Azerbaijan) crude oil exports while China took almost all of Iran's 2m-bpd of crude oil exports.

Since Jan 2022, before the invasion, Russia's oil exports are up 5% to 6.3m-bpd despite western sanctions. This should be a major cause of embarrassment to the US & EU.

POINTS OF VIEW

On Tuesday, we participated in an HSBC panel discussion, run virtually from Hong Kong, entitled "Dry Bulk and Tanker Shipping: How to play the upcoming cycle?". We picked out three topics and updated our views, as things tend to change quickly.

First, why have capes outperformed (\$23,462 pd spot YTD) despite their reliance on China, heading for 4.8% GDP growth, given the property crisis and weak household spending? There is a tendency to be overly gloomy about China, while forgetting that other countries also contribute to global seaborne demand. Its imports of iron ore, thermal coal and bauxite have held up well, while cape fleet growth is minimal. Steel output is headed for another billion-ton year with steel used in building construction down to 24% in 2023 from 42% in 2010, while that used in machinery is up to 30% in 2023 from 20% in 2010. China's steel exports are strong, up to a forecast 110mt in 2024, being 26% higher than Japan's total steel output of 87mt in 2023. This supports constant iron ore imports, assisted by a falling price trend, with prices starting this year at \$144 and now down to \$102 a ton. Thermal coal imports remain robust as China continues to build thermal coal plants to keep the lights on while it phases in less reliable renewables such as solar and wind. China needs to feed electricity-intensive demand from power utilities, EVs, data centres, the AI rollout and rising AC demand. Bauxite is used to make aluminium, and China needs more and more of it for renewable energy products and EVs. Evidently, China still supports cape demand.

Second, what might be the ramifications of Trump 2.0 on shipping and trade. Currently, we are observing a procession of favoured nominees to the top offices of state. Howard Lutnick, CEO of the BGC Group that owns Poten & Partners and GFI, has been put up to head the Commerce Department where he will run trade policy. We can only hope that he dials back the campaign rhetoric and goes for nuanced tariffs, avoiding an escalatory trade war with China and reconsidering blanket universal tariffs on America's other trade partners. This will backfire on the US as, on the supply side, protectionism will choke the US economy's productive capacity while other Trump 2.0 policies – such as lower taxes, higher spending and deporting illegal immigrants, risk reigniting inflation.* For other nominees, 'qualifications' seem to be fealty, wealth, TV credentials and inexperience and/or to be badly behaved and anti-establishment. Gaetz is already out. DOGE aims to save \$2tn in administration costs by gutting jobs and curtailing 'deep state' agencies.** This may prove disinflationary, so we await actual policies to see how they net off on inflation. We can see it ticking up in both the US and UK in latest prints, urging caution. It is worth reminding ourselves that the Biden/Harris ticket arguably lost the election on the public perception of poor economic performance and the debilitating effects of inflation on voters.^ Republicans must avoid making the same mistakes.

Third, when will wars in Europe and the Middle East end? Trump promised to end both quickly. Ukraine may be pressured to agree a truce, as it is losing ground, while hoping that the balance of concessions does not reward Russian aggression. The belated decisions of the US and UK governments to permit Ukraine to use long-range missiles to attack targets in Russia appear to be a reaction to the deployment of North Korean troops in Europe.^ But it is too little, too late. Putin's reply was to redefine the nuclear protocols and fire a hypersonic missile at Dnipro. Peace, what peace? In Israel, it is unlikely that Netanyahu will listen to Trump after ignoring Biden for so long. Trump has form in taking sides with Israel, and his deep mistrust of Iran may convince him to let Israel continue degrading the Iran-backed militias that surround and threaten it. Thus, there is a strong chance that sanctions will remain against Russia and Iran and that the Red Sea and parts of the Black Sea will remain off limits to all but the most swashbuckling of owners. Without peace, ship owners will take the extra ton-miles that underpin higher freight, charter rates and asset values. The dark fleet is more of a tanker than a bulker issue. S&P Global puts it at 889 units above 27K-dwt, of 111.6m-dwt, representing 17% of the global tanker fleet. It carries sanctioned oil from Russia, Iran and Venezuela. Year to date, India used 58% of this dark fleet while China employed 15%. It will be sidelined if sanctions end. So, what is the answer to the question in paragraph one? It is too soon to tell.

Dry Cargo Chartering

It was a challenging week for the Capesize sector, with the market softening in both basins, the BCI closing today \$21,778 down \$4,999 since last Friday. There was a slow start to the week with rates in the Pacific and from South Brazil and West Africa to China softening. *Oriental Express* 2006 built fixed 180000mt 10% from Freetown to Qingdao at \$23.30 with SinoAfrica. CSN took a 'NYK TBN' 180000mt 10% from Itaguaí to Qingdao for mid December at \$24.40. Further downward pressure was experienced in the North Atlantic, with a growing tonnage list. As the week progressed, the Pacific basin experienced notable corrections, Baltic C5TC down by nearly \$3,000 to \$23,291. FMG fixed a TBN' 160000mt 10% from Port Hedland to Qingdao at \$10.25 while Rio Tinto fixed their usual TBN' 170000mt 10% from Dampier to Qingdao basis 7/9 Dec at \$10.45.

The Panamax market continued to soften further with all routes yielding sizeable corrections. The BPI closed at \$9,747 down by \$1,159 since last reported. The North Atlantic remains a mixed bag with wide spreads on rates between the grain and mineral round trips, with some murmurs of Cape split cargoes entering the fray. However, it still resulted in tonnage counts increasing and the market lacking fresh momentum. In the Pacific, the market remained quiet with little trading of note, with charterers seemingly happy not to have to chase tonnage, thereby minimal activity was reported other than quick repositioning business. In the Atlantic, *Xenia* (82,019-dwt, 2016) delivery fixed for a trip redelivery Singapore-Japan at \$15,500 + \$550,000 ballast bonus, whilst Louis Dreyfus were linked to *CL Yichun* (82,304-dwt, 2023) Tenerife 20 November for a trip via US Gulf redelivery Morocco at \$12,000. *Hector* (75,084-dwt, 2012) was heard placed on subjects delivery Kamsar 1/5 December for a trip redelivery San Ciprian at \$12,750 with Oldendorff. In the Pacific, *Tai Kindness* (84,574-dwt, 2021) Kinuura fixed for a trip via East Coast Australia redelivery South China at \$15,750 with Sea Kudos, whilst further south the scrubber fitted *Catalina* (74,288-dwt, 2005) Hong Kong prompt was fixed for a trip via Indonesia redelivery India at a rate in excess of \$9,000 with Messrs Seapol, with the scrubber benefit heading to owners. *Elijah* (81,838-dwt, 2011) Hong Kong spot was heard placed on subjects for a trip via Indonesia redelivery South China at \$10,000 to Topsheen.

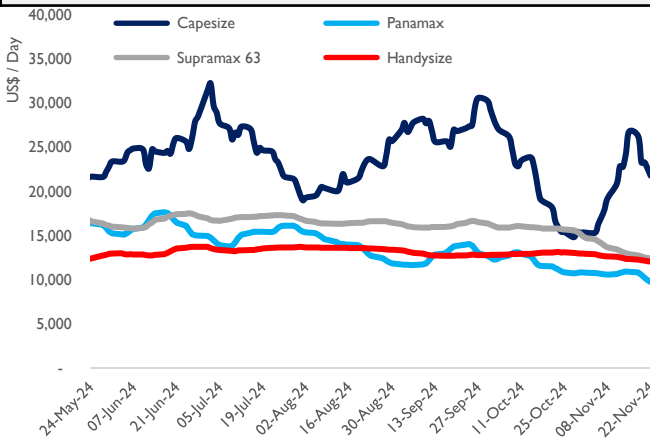
There is lack of impetus in the Atlantic Ocean, negative sentiment remained in most of the regions as lower rates were exchanged. The South Indian Ocean seemed to reach the bottom while better numbers were fixed comparing to the previous week but further north remained flat. The Pacific market carried on its downward momentum from the starting but more North Pacific cargoes were seen since the middle of the week that helped digested the tonnages in north and improved the hire rates. The BSI closed at \$12,438 up \$101 from last week's report. In the Pacific, hire rates remained disappointing, *Team Venture* (53,490-dwt, 2005) delivery Cambodia prompt was fixed for a trip via Indonesia redelivery China with coal at \$8,750 while *Jewel Of Shinas* (55,877-dwt, 2011) delivery Villanueva was fixed for a trip via Indonesia with coal redelivery Philippines at \$12,000 by Western Bulk Carriers. Similarly in the north, *Tomini Destiny* (63,615-dwt,

2017) delivery Xingang fixed for a trip redelivery South East Asia at \$10,500. In the Indian Ocean, slight rises were seen in the south, *Marla Royalty* (64,691-dwt, 2024) delivery Port Elizabeth fixed for a trip redelivery China with intention manganese ore at \$16,000 plus \$160,000 ballast bonus by BG Shipping. However, the Gulf-West Coast Indian region seemed flat, *Leonidas* (53,605-dwt, 2005) delivery Mina Saqr prompt was fixed for a trip redelivery Bangladesh with intention aggregates at \$8,500 by Teambulk, they also took *Noshima* (63,340-dwt, 2020) delivery Hazira fixed for a trip via Salalah redelivery Bangladesh with intention limestone at \$12,250. Less activity was reported in the Atlantic, *Maro Maro* (61,143-dwt, 2022) open Brownsville end November was heard fixed basis delivery US Gulf for a trip to the UK with grains at \$18,000 while *LS Ocean* (56,975-dwt, 2009) fixed basis delivery Monrovia for a trip to China with intention manganese ore at \$10,500 by Oldendorff. On the period front, *Amis Power* (64,012-dwt, 2018) delivery Far East Jan 2025 was fixed for 2 years redelivery worldwide index-linked at 117% of BSI 58.

A flat week for the Handies in the Atlantic, although sentiment improved a little, with a notable pick up in enquiry on the Continent. The BHSI closed today at 12,055 down \$282 since last week *Maverick* (37,845 2018) fixed delivery Skaw via Baltic to redelivery East Coast South America with fertilizers at \$8,000 to Cargill. A 28,000-dwt fixed a scrap run to the East Mediterranean at \$9,500. In the Mediterranean, *Ravni Kotari* (34,373-dwt, 2010) open south Spain fixed delivery Egypt for a trip to redelivery Ravenna at \$8,500 with Union Bulk. It was reported, *Charles* (37,193-dwt, 2011) fixed on subs for delivery Canakkale for a trip basis redelivery Port Everglades around \$10,000 to Berge Bulk. The USG softened, *Eva Bright* (40,577-dwt, 2023) open Lake Charles fixed delivery dropping outward sea pilot via Corpus Christi for a trip to *Porta Marghera* with petcoke at \$16,500 to Shield. Cargill fixed *Lowlands Engel* (40,056-dwt, 2023) open Manzanillo for trip via Savannah to Continent at \$15,800. The South Atlantic ticked upwards, a 36,000-dwt fixed delivery South Brazil for trip to West coast South America with grains at \$19,000, while a 38,000-dwt fixed delivery North Brazil to Norway around \$18,000. A slow and flat week in the Pacific market this week. In the Far East, owners are trying best to keep levels in the 5 digits for round voyages. Backhaul cargoes are now opting to fix Ultramax at \$11,000 per day or Supramaxes at around \$9,000 levels instead of the \$13-14,000 mark, that big modern Handies are asking. The Far East market is somewhat sustained by the demand caused by steel cargoes going to the Gulf or West Coast India, where not all owners are willing to try. We heard a 32,000-dwt vessel open Japan and a 33,000-dwt vessel in CJK both fixing 10,000 per day levels to South East Asia. In the South, the market was rather soft for most of the week but stabilised by a few prompt Australia requirements in the Market. 38,000-dwt modern Handies in Singapore area are getting in the \$13,000s for Australia round voyages whilst trips to the Indian ocean are paying a \$1k premium. *Tatung* (37,685 2018) open Adelaide 6-8 December fixed a trip to China with minerals at \$19,500. *Indigo March* (36,200-dwt, 2012) open Indonesia was heard to fix for a trip to Indonesia with salt at \$13,000. Sentiment for next week is rather flat.

Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate (\$)	Charterers	Comment
Evmilos	81,507	2012	EC South America	1 Dec	Singapore-Japan	\$13,400	Norden	\$340,000 ballast bonus
CL Tianjing	81,315	2016	Cai Mep	23 Nov	South Korea	\$12,500	Sun Ace	Via Indonesia
Rosco Plum	76,801	2004	Xiamen	25/26 Dec	South China	\$8,000	Cnr	Via Indonesia
New Bonanza	76,596	2006	Mizushima	27 Nov	Singapore-Japan	\$10,750	Cnr	Via NoPac
Shen Hua 803	75,403	2013	Fangcheng	22 Nov	South China	\$10,000	Cnr	Via Indonesia
Marla Royalty	64,691	2024	Port Elizabeth	5/10 Dec	China	\$16,000	BG Shipping	\$160,000 ballast bonus
Captain Dimitris	61,245	2016	Port Elizabeth	7/10 Dec	China	\$14,750	Cargill	-
Team Venture	53,490	2005	Cambodia	Ppt	China	\$8,750	Cnr	Via Indonesia
African Warbler	38,209	2020	SW Pass	Ppt	Turkey	\$14,000	WBC	-
Tatung	37,685	2018	Adelaide	6/8 Dec	China	\$19,500	Win King Singapore	Via South Australia



Exchange Rates	This week	Last week
1 USD	154.86 JPY	155.66 JPY
1 USD	0.9621 EUR	0.9499 EUR
Brent Oil Price	This week	Last Week
US\$/barrel	74.70	72.06

Bunker Prices (US\$/tonne)	This week	Last week
Singapore HSFO	479.0	469.5
VLSFO	576.5	568.5
Rotterdam HSFO	451.5	471.5
VLSFO	524.5	509.5

22 November 2024

Dry Bulk S&P

The sales tables remain well stocked as both Buyers and Sellers seek to conclude MOAs before the end of the year. The vast majority of sales this week are of geared tonnage, including a geared Kamsarmax with a lot of activity amongst Asian buyers in particular.

Norden are reported to have sold two scrubber fitted capes *Nord Energy* (179,023-dwt, 2012 HHIC-Subic) and *Nord Power* (178,733-dwt, 2012 HHIC-Subic) to Hayfin Capital for a price just below \$32m each, a price in line with benchmarks given that both ships are scrubber fitted.

We have not seen any geared kamsarmaxes sold for some time, however this week Chinese buyers are said to have bought *Tristar Dugon* (79,200-dwt, 2011 COSCO Dalian) for a price of \$14.75m.

In the ultramax market the DACKS built *Great Century* (61,441-dwt, 2017) has been committed to Amoyshipping for \$24.52m via Chinese online auction. Chinese auction prices often result in sales at a discount to market. Amoyshipping bought the same aged sistership back in August, ex-*Great Spring* (61,438-dwt, 2017 DACKS) also at auction, for \$27.8m, showing how values have slid over the past 3 months. The Greek owned *Vita Kouan* (63,323-dwt, 2016 Taizhou Kouan) took offers today but as of yet details have not emerged around prices seen and the level of interest.

Supramaxes continue to attract buyers with numerous confirmed sales to report and a flurry of activity in the Japanese supra sector. Firstly, the Korean built *Guang Fa 29* (57,280-dwt, 2012 STX) is said to have been tied up for \$15.5m. The Chinese built *Dolphin 57 Hong Bo 6* (56,880-dwt, 2011 Yangfan - Tier II) is sold to Chinese buyers for \$14m, the firm price perhaps justified by the Chinese seller and Chinese Buyer and that the ship is already Chinese flagged and under CCS class. In addition to this the Japanese built *Mitsui 56 Atlantica Sun* (55,635-dwt, 2009 Mitsui) has been committed for \$15.2m. An exact same age sister *Aurora SB* (56,119-dwt, 2009 Mitsui SS passed) sold for \$15.8m a premium justified by her survey position. There are unconfirmed reports the slightly younger *ND Armonia* (56,121-dwt, 2011 Mitsui) has been tied up to Chinese buyers for a firm price of \$17.95m. The vessel has been in and out of the market since April this year. If the price is correct it suggests there are some buyers out there prepared to pay for the right vessels in this segment.

The 2014 eco handysize bulker *Wellpark* (37,49-dwt, 2014 Oshima) is sold for a price of \$19.2m, with the buyer's identity remaining a mystery so far. And finally, Greek buyers are reported to have paid \$14.1m for the 2012 built open hatch and box shaped handy *Nord Copenhagen* (33,175-dwt, 2012 Kanda).

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
Nord Energy	179,023	2012	HHIC-Subic	-	Hayfin	\$63.6 m	En bloc. Scrubber fitted
Nord Power	178,733						
Tristar Dugon	79,200	2011	COSCO Dalian	C 4 x 35T	Chinese	\$14.75 m	
Great Century	61,441	2017	DACKS	C 4 x 31T	Amoyshipping	\$24.52 m	Online Auction. DD due
Guang Fa 29	57,280	2012	STX	C 4 x 30T		\$15.5 m	DD due
Hong Bo 6	56,880	2011	Yangfan	C 4 x 36T	Chinese	\$14.0 m	Tier 2 / CCS / Chinese flag
ND Armonia	56,121	2011	Mitsui	C 4 x 30T	Chinese	\$17.95 m	
Aurora SB	56,119	2009	Mitsui	C 4 x 30T	Indonesians	\$15.8 m	SS passed
Atlantica Sun	55,635	2009	Mitsui	C 4 x 30T	Chinese	\$15.2 m	
Wellpark	37,429	2014	Oshima	C 4 x 30T		\$19.2 m	Eco M/E
Nord Copenhagen	33,175	2012	Kanda	C 4 x 31T	Greek	\$14.1 m	OHBS

This year, robust ordering has not only been seen in the gas and container sectors, but also in tanker markets. The product tanker orderbook to fleet ratio has climbed to a 12-year high of 21%, and an 18-month high of 11% for crude tankers. So far this year, 272 product tankers above 10k-dwt (19m-dwt) have been ordered (primarily MR and LR2) and 110 crude tankers of 25m-dwt (mostly VLCCs and Suezmaxes). However, a substantial portion of the orderbook is not set to deliver until after 2027: 35% of the PT orderbook and 50% for CTs. Underpinning this ordering is the need for fleet replacement. The combined tanker fleet's average age has reached a 21-year high of 13.6 years. 14% of the CT fleet and 10% of the PT fleet are over 20 years old.

Whilst this has happened in a parallel sector, it does not mean it is of no consequence to the drybulk market. This ordering has continued to put pressure on yard capacity, particularly in China, with Korean yards already full with container and gas orders. This has seen some major Chinese builders pivot their product mix towards taking higher-margin tanker orders, at the expense of drybulk orders. Or alternatively, it has prompted leading yards who wish to remain in both markets to expand capacity; either by hiring more labour, or expanding facilities; e.g. leasing unused drydocks and now even starting to build new ones. Drybulk ordering has been higher than many would like, but would likely have been even higher if not for competition for slots from tanker orders.

Dry Bulk Orderbook (November 2024)

As of 5 th November 2024	Capesize (>100,000-dwt)		Panamax (69-99,999-dwt)		Supra/Ultramax (45-68,999-dwt)		Handysize (25-44,999-dwt)		Total	
	#	M-dwt	#	M-dwt	#	M-dwt	#	M-dwt	#	M-dwt
2024	5	1.0	33	2.7	33	2.1	20	0.8	91	6.5
2025	38	7.7	125	10.2	191	12.1	139	5.5	493	35.6
2026+	92	20.6	304	25.4	241	15.3	112	4.5	749	65.8
Total	135	29.3	462	38.3	465	29.5	271	10.8	1,333	107.9
OB as % Fleet	6.7%	7.3%	14.4%	14.7%	11.2%	12.4%	9.1%	10.5%	10.8%	10.8%

Tanker Commentary

Tanker sale and purchase activity remains very limited with the bid offer spread widening by the week and one would expect a further correction is forthcoming unless we see a rally in the freight market.

In the crude sector, *Umnenga II* (162,293-dwt, 2006 Daewoo, Eco, Ice IA, Epoxy & Scrubber, SS/DD: freshly passed) has sold for \$36m, a price in line with the sale of *Jag Lalit* (158,344-dwt, 2005 Hyundai Samho, Ice IB) which sold last month for \$33m and is a year older with no scrubber.

Sofia II (105,400-dwt, 2008 Sumitomo, SS: 09/28, DD: 12/26) was concluded at \$32m, this pricing shows a slight softening when compared with the sale of *Serene Sea* (105,244-dwt, 2009 Sumitomo, SS/DD due) which sold last month for \$36m.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
Umnenga II	162,293	2006	Daewoo		\$36.0 m	On subs. Eco, Ice IA, Epoxy coated SS/DD passed & Scrubber fitted
Sofia II	105,400	2008	Sumitomo	-	\$32.2 m	-
Sunflyte	37,272	2001	HMD	-	\$11.5 m	-

Tanker Orderbooks (November 2024)

As of 5 th November 2024	Crude Tankers							
	Aframax (80-120k-dwt)		Suezmax (120-200k-dwt)		VLCC (200k-dwt +)		Crude Total	
	#	M-dwt	#	M-dwt	#	M-dwt	#	M-dwt
2024	5	0.6	4	0.6	1	0.3	10	1.5
2025	8	0.9	29	4.6	5	1.5	42	7.0
2026+	28	3.2	77	12.1	71	24.7	176	40.0
Total	41	4.7	110	17.3	77	26.6	228	48.6
OB as % Fleet	5.9%	6.2%	16.8%	16.9%	8.5%	9.5%	10.1%	10.6%

As of 5 th November 2024	Product Tankers									
	Handy (30-41k-dwt)		MR (41-60k-dwt)		LRI (60-80k-dwt)		LR2 (80k-dwt +)		Product Total	
	#	M-dwt	#	M-dwt	#	M-dwt	#	M-dwt	#	M-dwt
2024	0	0.0	9	0.4	0	0.0	3	0.3	12	0.8
2025	4	0.1	91	4.5	9	0.7	51	5.9	155	11.2
2026+	11	0.4	197	9.7	43	3.2	114	13.0	365	26.4
Total	15	0.6	297	14.7	52	3.9	168	19.2	532	38.4
OB as % Fleet	3.0%	3.0%	17.8%	18.0%	13.8%	13.9%	37.0%	38.3%	17.7%	21.5%

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