24 May 2024

HARTLAND
SHIPPING SERVICES

WEEKLY COMMENTARY

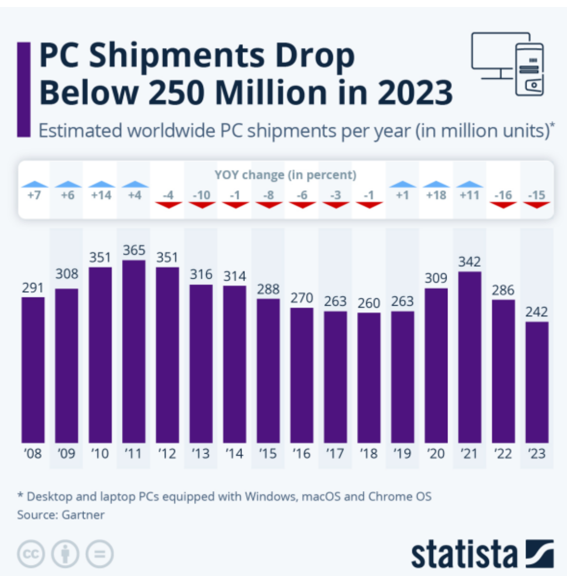
CONTENTS

2. Dry Cargo Chartering
Calmer Waters

3. Dry Cargo S&P
Building Up

4. Tankers S&P
All but One

… IT headache : consumers are not taking the tablets …



Source : Statista

^In CGT terms, Chinese yards took 9.3m-cgt of new orders in Q1 2024, representing 56.7% of the global total, according to CRS data, up from 49.5% in Q1 2023.

^^China is increasingly versatile having last month secured orders from QatarEnergy for 18 Q-Max 271,000-cbm LNGCs to be built at Hudong-Zhonghua Shipbuilding.

*Latest Biden tariffs: EVs 27.5>102.5%; semiconductors 25>50%; batteries/aluminium 7.5>25%; critical minerals 0>25%. An extra $18bn on top of $300bn Trump era base.

**A study by the Atlantic Council and Rhodium Group estimates that China's major institutions face disruption to at least $3tn of trade/financial flows from sanctions.

+According to the IMF, the dollar accounts for 58% of global foreign currency reserves while the renminbi makes up a little over 2%.

China has $3.2tn-worth of FX reserves. At its peak in 2011, China held a 14% share of the US government bond market. This has dwindled to an estimated 3% today.

++We will attempt to explore this next week as the Trump tariff regime, largely kept in place by Biden and now being ramped up even more, sours mutual trade relations.

POINTS OF VIEW

President Biden has a doomed aspiration to revive commercial shipbuilding in America in the misplaced belief that he can revive an industry that the sun set on long ago. The main motive is national security. This is directly linked to a US Trade Representative Section 301 investigation into potential unfair competition in China's maritime, logistics and shipbuilding sectors, launched in April this year after petitioning from the unions. It is unclear what remedies the USTR might seek should China be found to be unfairly supporting its maritime industries. However, with or without the Jones Act, it would be impossible for the US to catch up with the scale, versatility and price of Asian shipbuilders once dominated by Japan, then South Korea and now China. Lloyds List this week reported China Association of National Shipbuilding Industry data showing that Chinese first-tier yards rule the orderbooks. In Q1 this year, Chinese shipyards secured 24.1m-dwt of new orders, up 59% year-on-year. This represents a 69.6% share by dwt of all new orders, up from 62.9% in Q1 2023 and 66.6% in Cal 2023.^ China's utilisation rates are set to increase sharply from 73% in 2022 to 95% throughout 2024 and 2025. Thus, US grumbles will not derail China's dominance especially considering that Japan is largely domestically focused and that South Korean yards are full of high-value orders for LNGCs, VLGCs, VLACs and giant containerships.^^

Underlining China's leadership, state-owned China Ocean Shipping Company is reported to have reserved domestic shipyard capacity to build 120 ships valued at upwards of $4.5bn, with deliveries commencing 2028. These appear to be mostly bulk carriers ranging from newcastlemax (20) to kamsarmax (40) including 80,000-dwt pulp carriers/MPP (30). VLOC and asphalt carriers are also likely to be in the mix. The ships will be operated by subsidiaries such as Cosco Shipping Bulk and Cosco Shipping Specialized Carriers with a mix of owned, third-party owned and leased. The slot reservations recognise a structural undersupply of tonnage, and possibly also the need to green the fleet and shift to more energy-efficient ships powered by conventional fuels. The forward delivery dates would enable a switch to alternative fuels once it becomes clear which fuel offers the best solution. This huge programme is on the heels of Cosco Lines' advanced talks to secure 10 x 11,000-teu units at SWS and 12 x 14,000-teu at Cosco HI Yangzhou, all methanol dual-fuel. This underlines how China is an important supplier of commercial ships of all types to the rest of the world, but also how it has strong domestic demand from state-owned and privately-owned companies. Inevitably, such success can only make China even more of a punchbag in the US presidential campaign.

While China appears to have little to fear for its maritime industries the same cannot be said for EVs, solar, wind, batteries, and so on. They will be subject to raised tariffs in the US, UK and Europe as western countries scramble to protect their own manufacturing industries from displacement effects.* Various milestones have shaped Sino-US relations. These include, in 2001, the US reaction to 9/11 that demonstrated both military might and how Washington controls the global financial system. In Dec 2001, China joined the WTO. In 2008, US banks triggered the GFC through reckless sub-prime lending and securitisation. The aftershocks were global. US demand for Chinese-made goods sank, millions lost their jobs, and the government was forced to launch a ¥4tn rescue package. In 2015, China set out its 'Made in China 2025' strategy that outlined ten sectors in which it aimed to dominate, one of which was shipping. It was met with the MAGA and 'Made in America' policies. US outreach encouraged China to future-proof itself against the potentially crippling effect of western sanctions that hit its allies in Russia, Iran, Venezuela and North Korea.** It is a case of China decoupling and de-risking from the West, not the widely accepted vice-versa. According to The Telegraph, since Oct 2022, the PBoC has raised its gold reserves by 16% from 1,950 to a record 2,262 tonnes, now worth $170bn. The PBoC has also been a long-term seller of US Treasuries to reduce the risk of asset seizure by the US, à la Russia. Between Nov 2013 and Feb 2022, the PBoC shrank its Treasury holdings by 22% from $1.31tn to $1.02tn and then, in the last two years since Russia's full invasion of Ukraine, by another 37% to $760bn.+ A huge escalation in Sino-US trade tensions lies ahead and it will have uncertain ramifications for future world trade.++

WEEKLY COMMENTARY

24 May 2024

HARTLAND
SHIPPING SERVICES

Dry Cargo Chartering

A much less volatile week for the **Capesize** sector as markets softened before flattening off. Timecharter averages were left at $21,674, a decrease of $506 from last reported. Plenty of South America fixtures came to light, with Vale chartering a Swissmarine Newcastlemax for Tubarao/Taranto and Rotterdam at $14.65 pmt as well as *Cape Genesis* (182,097-dwt, 2012) for 170,000 mtons 10% Tubarao/Qingdao at $25.00 pmt. Polaris took *Star Princess* (180,202-dwt, 2003) for Tubarao option West Africa/China at $24.75 pmt, while Panocean fixed *Genco Lion* (179,185-dwt, 2012) for a Tubarao/Qingdao run at $25.25 pmt and Mercuria chartered *Stella Hope* (180,007-dwt, 2016) for the same voyage at $25.50 pmt. We also heard that a Lisco tender was won by Oldendorff for 160,000 mtons 10% Ponta Uba/Misrata for mid-June at $11.00 pmt. From RSA, Costamare took *Oriental Express* (180,211-dwt, 2006) for 150,000 mtons 10% Richards Bay/Kandla at low/mid $12's pmt, and O+M covered 130,000 mtons 10% Saldanha Bay/China at $22.18 pmt. On the coal front, it was reported that 150,000 mtons 10% Nacala, Mozambique/Krishnapatnam was covered at $12.90 pmt for late June dates. Fewer than usual Australian iron ore fixtures were seen this week. Freight paid by Rio Tinto and BHP ranged from $10.25 pmt to $10.60 pmt. On timecharter, Norden fixed *Integrity* (175,966-dwt, 2010) delivery Yantai for a trip via Australia to China at $21,000.

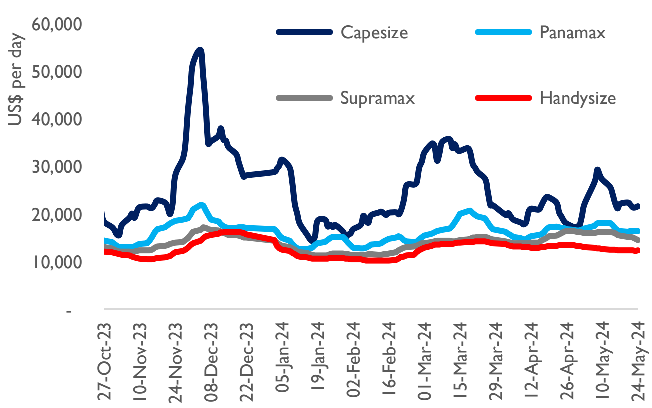
The **Panamax** market had a slow start to the week, with minimal activity due to numerous holidays. However, mid-week saw a steady rise as many returned with South America seeing rates notably increase for arrival dates in the second half of June. The Atlantic market remained largely focused on fronthaul routes with solid levels of enquiry, but the trans-Atlantic routes continued to struggle. In Asia, a steady flow of first half of June business from Australia was observed, leading to increasing rates. The BPI remained virtually the same since last reported on 17 May, closing at $16,416, down by just $11. In the Atlantic, *Thisseas* (75,049-dwt, 2012) was heard fixed for a trip delivery aps East Coast South America 20/31 May redelivery Singapore-Japan at $17,750 plus $775,000 bb with ADMI. *Ulusoy-12* (79,403-dwt, 2011) fixed for a trip delivery aps East Coast South America 10 June redelivery Skaw-Gibraltar at $20,000 with Western Bulk. *Dragon* (81,389-dwt, 2012) was heard fixed for a trip retro sailing Gibraltar 16 May via Mobile redelivery Far East at $26,000. In the Pacific, *Ocean Saga* (81,499-dwt, 2015) open Bahudopi 25/27 May was rumoured fixed for a trip via West Coast Australia redelivery Singapore-Japan at $17,250 plus $100,000 bb to Tongli. *BBG Xijiang* (82,801-dwt, 2024) open Rizhao 23/24 May was heard fixed for a trip via East Coast Australia redelivery South China at approximately $19,000 to BG Shipping. *Medi Chiba* (82,003-dwt, 2016) fixed delivery passing Taiwan 24 May for a trip via Indonesia redelivery Hong Kong at $18,250. On the period front, *Pan Unity* (82,709-dwt, 2012) open Tianjin 24 May fixed 6/8 months at $17,500 with ADMI. *Lila Seoul* (79,454-dwt, 2012) open Qingdao 20 May was heard fixed for 4/6 months at $16,000 to Aquavita, and *KM Shanghai* (80,545-dwt, 2014) open Hong Kong prompt fixed for 5/7 months at $20,000 at the end of last week.

The **Supramax** sector fell again as the oversupply of tonnage in the Atlantic has softened that market. The S10TC closed at $14,590 down by $870 since reported last Friday. In the Pacific, *DSI Altair* (60,309-dwt, 2016) fixed delivery Mizushima prompt dates for a trip via NoPac with grains to Japan at $18,000, and *Transtime* (56,726-dwt, 2012) was covered delivery Lanqiao on prompt dates for a trip with steels to the Arabian Gulf at $15,750. Whilst in the Indian, Drydel took *La Selva* (62,594-dwt, 2019) delivery Dahej prompt dates for a trip via South Africa to China at $20,000, and *Yasa Emirhan* (55,545-dwt, 2008) was fixed delivery Mumbai 25/29 May for a trip to Bangladesh at $15,500. In the Atlantic, *Mike Thomas* (56,811-dwt, 2011) fixed delivery US Gulf for early June dates for a trip with coal to Ghent at $13,000, whilst *Ju Xi* (56,556-dwt, 2011) was covered delivery Lagos for a trip to the Far East at $19,500. Whilst on the period front, *Jin Yuan* (55,496-dwt, 2007) was covered delivery Panjin prompt dates for 6/8 months with redelivery Arabian Gulf-Japan range at $17,600.

Another mixed week for the **Handysize** market with subdued activity in the Atlantic markets and slight positivity in Asia. The BHSI closed at $12,380, a small decrease of only $43 from last Friday. Pessimism remained across the Continent and the Mediterranean, as the tonnage to cargo balance remained distorted forcing owners with prompt vessels to reduce fixing levels. In the South Atlantic, whilst some prompt vessels still searched for their next employment, some felt that more enquiries will appear in the coming days and positivity is expected to return. A 36k-dwt vessel was fixed for a trip basis delivery Recalada with prompt dates for a trip to West Coast Central America at $23,000, and a 38k-dwt fixed delivery in the River Plate for a trip to Algeria at $17,000. Further North a 40k-dwt was fixed from Vila Do Conde to Norway with an intended cargo of alumina at $14,000 plus $60,000 bb. Southeast Asia remained firm with more enquiries entering the market and limited tonnage availability. A 38k-dwt vessel was heard fixed delivery Malaysia to the Far East at $13,300, while a 28k-dwt vessel was rumoured fixed delivery Thailand to Japan at $12,000. *Darya Ganga* (36,845-dwt, 2012) open Singapore was heard fixed at $16,000 for East Australia with alumina to SEA. On period, a 33k-dwt vessel open Thailand was heard fixed at $16,000 for about 3/4 months. The Far East, was more balanced this week with fewer enquiries yet still limited tonnage. A 24k-dwt vessel fixed delivery China to Taiwan-Myanmar range at $13,500, while *African Margaux* (38,114-dwt, 2020) open Hiro 27 May was heard fixed at $16,000 for trip to West Coast India. On shorter period, a 28k-dwt vessel was heard fixed delivery China at around $11,000 for about 3 months.

Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate ($)	Charterers	Comment
Cape Med	185,827	2006	Dalian	Ppt	Pacific	$21,500	Richland	<17/5 fixture>
CIC Oslo	180,972	2014	Jingtang	20 May	China	$28,000	Pacbulk	via Australia, <direct, 17/5 fixture>
Star Amethyst	82,123	2009	aps East Coast South America	28 May / 2 Jun	Singapore-Japan	$19,000	Bunge	+ $900,000 bb
Avicl Artemis	81,782	2019	Singapore	23 May	Singapore-Japan	$20,000	Viterra	via Geraldton
Yasa Unity	75,580	2006	Jebel Ali	25/30 May	West Coast India	$22,500	Louis Dreyfus	via Oman, intention urea
DSI Altair	60,309	2016	Mizushima	Ppt	Japan	$18,000	Cnr	via NoPac, intention grains
Serena	57,266	2010	Magdalla	Ppt	Dakar	$8,000 / $16,000	Drydel	via UAE, intention sulphur $8,000 for first 58 days thereafter $16,000
Transtime	56,726	2012	Lanqiao	Ppt	Arabian Gulf	$15,750	Cnr	intention steels - <recent>
AE Mars	53,630	2006	Caofeidian	27/30 May	Djibouti/Egyptian Red Sea	$17,000	Arm Shipping	intention steels and gens
Kodiak Island	37,581	2017	Arabian Gulf	Ppt	Bangladesh / Passing Singapore	$19,000/$14,000	cnr	redelivery passing Singapore, intention urea - $14,000



Exchange Rates	This week	Last week
1 USD	156.92 JPY	155.73 JPY
1 USD	0.9212 EUR	0.9211 EUR

Brent Oil Price	This week	Last week
US$/barrel	82.08	83.44

Bunker Prices (US$/tonne)	This week	Last week
Singapore HSFO	528.0	520.0
VLSFO	605.0	627.0
Rotterdam HSFO	474.0	476.0
VLSFO	542.0	573.0

Dry Bulk S&P

A busy week across the board in the dry S&P markets. Norden continue their expansion into the Cape/Newcastlemax sector with the purchase of two more scrubber-fitted eco Newcastlemax ships from the Sinokor stable. *Trust Shanghai* (209,523-dwt, 2021 SWS - Scrubber) and *Trust Qingdao* (209,201-dwt, 2021 SWS - Scrubber) have reportedly changed hands for $73m per ship. When factoring in the scrubbers, the price is in line with recent sales of similar vessels.

In the sub-Capesize sectors, *Gia Ambition* (84,990-dwt, 2022 CSSC Tianjin - 36m beam) is reported sold to Egyptians, NNC for $38.5m with delivery July-August in China. A price in line with recent Chinese built Kamsarmax sales when factoring in a premium for the wide-beam spec.

After initially inviting offers two weeks ago and only seeing sub $12m, *Bravery* (76,606-dwt, 2004 Imabari - SS: 06/27 DD: 07/25) reinvited offers last week and has been sold for $12.5m to undisclosed interests. Increased demand from the Chinese market in particular seems to be pushing prices up.

The Dolpin-57 design *Bao Quan* (56,947-dwt, 2011 Liaoning Marine - Wartsila M/E) has been sold for $14m basis DD passed, the same levels as the 2011 same design G Putuo which was sold earlier this month.

Desert Symphony (53,820-dwt, 2007 Kouan) is committed at $11.45m and *Magnum Force* (53,630-dwt, 2008 Dayang) sold for $11.8m.

In the Handysize arena, *Daydream Believer* (37,114-dwt, 2012 Onomichi - OHBS) invited offers on Monday and was quickly tied up for a price in excess of $17.5m to so far undisclosed interests.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
Trust Shanghai Trust Qingdao	209,523 209,201	2021	SWS		Norden	$146.0m	Enbloc sale. Scrubber fitted and DD passed.
Gia Ambition	84,990	2022	CSSC Tianjin		NNC	$38.5m	Delivery Jul-Aug in China. Wide beam.
Bravery	76,606	2004	Imabari			$12.5m	
Bao Quan	56,947	2011	Liaoning Marine	C 4x30T		$14.0m	Wartsila M/E, DD due
Desert Symphony	53,820	2007	Kouan	C 4x36T		$11.45m	SS/DD due
Magnum Force	53,630	2008	Dayang	C 4x35T		$11.8m	
Global Falcon	51,725	2010	Oshima	C 4x36T		$15.2m	OHBS
Daydream Believer	37,114	2012	Onomichi	C 4x30T		$17.5m	OHBS

Tanker Commentary

Bahri invited offers end April on their *Marjan* (302,977-dwt, 2002 Samsung) which is now understood to be committed at $33.5m - this is a tick up against October's sale of *Timimus* (318,518-dwt, 2002 Hyundai) at $32m which is a larger design, and at the time of the transaction, a year younger. Both have docking due within 2025.

Meanwhile, fifteen-year-old product tankers are the vintage of the week. In the MR2 segment, *Adamas I* (50,122-dwt, 2009 SPP) has found a buyer ex dry dock at a firm price of $27.5m. Other deep well designs have been sold for less in recent weeks, such as *Grace Fortuna* (47,786-dwt, 2007 STX) earlier this month at $23m, as well as Seaways *Nantucket* (51,225-dwt, 2008 STX) and Seaways Niagara (51,257-dwt, 2008 STX) at $25m a piece in April.

UOG Aeolos (73,427-dwt, 2009 New Times) is the only sale to buck the upward trend, achieving a price of $28.8m which is slightly softer than last done - by comparison, *TTC Shakti* (73,981-dwt, 2008 New Century) sold in April for $28m basis docking passed.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
Marjan	302,977	2002	Samsung		$33.5m	
UOG Aeolos	73,427	2009	New Times		$28.8m	Delivery in June with surveys passed.
Adamas I	50,122	2009	SPP		$27.5m	SS/DD passed.

Should you have any queries about the content of this report or require any services of Hartland Shipping Services, please contact:

Hartland Shipping Services Ltd, London
Tel: +44 20 3077 1600
Email: chartuk@hartlandshipping.com
Email: snpuk@hartlandshipping.com
Email: consult@hartlandshipping.com

Hartland Shipping Services Ltd, Shanghai
Tel: +86 21 2028 0618
Email: newbuild@hartlandshipping.com

Hartland Shipping Services Pte. Ltd, Singapore
Tel: +65 8223 4371
Email: chartops.sg@hartlandshipping.com