HARTLAND SHIPPING SERVICES

07 June 2024

WEEKLY COMMENTARY

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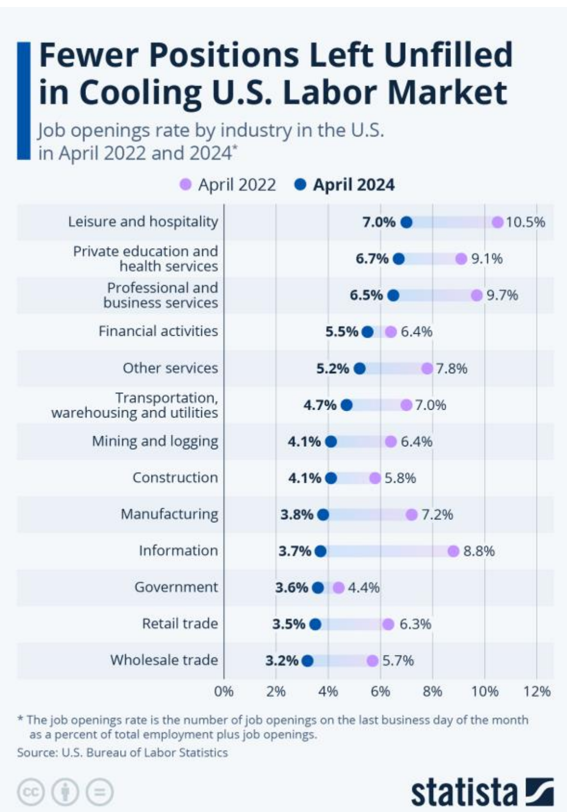

[Source : Statista](#)

*At the 40th anniversary, in 1984, President Reagan said: "There is a profound moral difference between the use of force for liberation and the use of force for conquest."

Furthermore, he declared that "isolationism never was and never will be an acceptable response to tyrannical governments with an expansionist intent." As true today…

**Being the sum value of US Treasuries outstanding. In February, the CBO forecast that interest and dividends paid to individuals will rise to $327bn this year.

^For example, the devastating civil war in Sudan is hardly newsworthy with little or no prominent news coverage in the western press.

POINTS OF VIEW

Yesterday, 6 June, was the 80th anniversary of D-Day in 1944, the combined Normandy landings and airborne operations that led to the liberation of France and later western Europe.* The threat in Europe today is Russia, armed by Iran and North Korea, and aided economically through trade (in geographic rotation) by Turkey, the UAE, India, China and others. Western support of Ukraine has faltered lately while Russia's allies have continued with theirs, helping Russia gain the initiative on the battlefield. As Bloomberg points out in its Balance of Power, notable by his absence at yesterday's Normandy commemorations was Vladimir Putin, not welcome due to his ongoing war in Ukraine. It suggests that this risks playing into his hands. After all, he characterises the conflict as Russia and its allies against Nato and the West, in an ideological battle that seeks to challenge and overturn the established order. Russia stood beside the US, UK and France in the allied victory back then, with the Soviet Union losing some 27 million people in the fight against Nazi Germany. Bloomberg suggests that the Battle of Stalingrad was arguably as significant a turning point on the eastern front as D-Day was in the West. It was in that capacity that Putin attended the events in France 10 years ago, despite Russia's exclusion from the G8 after its annexation of Crimea that year. Volodymyr Zelenskiy and Olaf Scholz attended the D-Day events yesterday, maybe fuelling the narrative that the West is ideologically aligned against Russia.

Not to be outdone, uninvited Putin sought to raise the temperature by threatening to deploy conventional missiles within striking range of the US and Europe if they allow Ukraine to strike deeper into Russia with long-range western weapons. The threats keep coming from Russia while the US and the West refuse to match it by getting onto a war footing. Europe has a particular need to raise its game, what with being on the same continent as Russia. From 2025, a new president may leave Europe to defend itself while the US switches its focus to the Indo-Pacific theatre to protect its interest in microchips and open sea lanes. Nato's target for defence spending remains at 2% of GDP, but too few members are on target. In the ten years from 2014 to 2023 military spending in Canada has risen from 1.0% to 1.3%, in Germany from 1.2% to 1.5%, in Italy from 1.3% to 1.6%, in France from 1.9% to 2.1% and in the UK from 2.2% to 2.3%. US spending has fallen from 3.7% to 3.4% while Russia's commitment has gone up from 4.1% to 5.9%. Out in Asia, where the next great war may break out, Japan's military spending has edged up from 1.0% to 1.2%. One gets a sense of resigned complacency. On Monday, Russia will host a meeting of foreign ministers of the expanding BRICS group while its popularity among the CRINKS remains solid. However, not a single member (China, Russia, Iran and North Korea) is even vaguely economically sound right now.

Neither is the US, despite the fanfare of steady recovery from Covid and other left field events. It has been fuelled by profligate spending under Trump and Biden, seeing US debt reach $27tn** (99% of US GDP) and forecast by the independent Congressional Budget Office to climb to $48tn by end 2034. For context, it was only $12tn a decade ago. In China we worry more about escalating trade wars than internal factors within China that may affect global demand for years to come. Xi Jinping refuses to solve the chronic real estate crisis that has seen some households suffer a 50% fall in values since 2021, crushing consumer confidence and spending. Xi's priority is his fixation on national security and on expanding China's overseas influence by aggressive mercantilism which is inviting increasingly strong tariff responses. He should not forget the unstated bargain with the people: personal restrictions in exchange for continued economic growth. What he is delivering is more of the former and less of the latter. The threats to Taiwan and the Philippines are pointlessly destabilising. The fact is that the world cannot afford another major war, whether it be in Europe or Asia, as it executes a tender and unconvincing recovery from its latest economic woes. Shipping has done well in the last few years but not because of micro supply and demand fundamentals. It has benefited from geopolitical turmoil that has caused enormous suffering for so many.^ On the horizon, we face hybrid black swan and known unknown events that invite a greater sense of caution than the usual exuberance of fervent markets.

WEEKLY COMMENTARY

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HARTLAND SHIPPING SERVICES

Dry Cargo Chartering

In what has been a quieter week owing to Posidonia and other events, **Capesize** markets made consistent progress gaining a little every day. Activity from several of the miners resulted in a sustained Pacific market, counteracting slightly slower Atlantic markets. Overall Baltic Exchange timecharter averages ended up at $24,867, a rise of $1,478 from last Friday. From Western Australia, Rio Tinto took four to five TBN positions for 170,000 mtons 10% Dampier/Qingdao for the end of the month. Freight paid ranged from a low of $11.00 pmt up to $11.25 pmt. Zhejiang Shipping fixed *Nightsky* (183,017-dwt, 2019) for the same trade at $11.25 pmt. From Port Hedland, BHP and Mercuria covered three vessels between them with freight prices for China cargoes from $10.70 pmt to $11.30 pmt. Additionally, Vale fixed from their Teluk Rubiah terminal to Qingdao 170,000 mtons 10% at $8.20 pmt. On the coal front, we heard that Welhunt fixed *Alpha Bravery* (179,398-dwt, 2011) for 150,000 mtons 10% Gladstone/Xinsha at $10.05 pmt last Friday. Over in the Atlantic, Jiangsu fixed a Moundreas TBN for 180-190,000 mtons 10% Boffa, Guinea/Huanghua at around $25.50 pmt, while Treasure Boost chartered *Sea Taurus* (177,662-dwt, 2004) for 180,000 mtons 10% Freetown/China at $24.70 pmt. Classic were linked to *Houston* (177,728-dwt, 2009) for Tubarao/Qingdao at $26.00 pmt. On timecharter, Oldendorff fixed *Lady Wynn* (182,514-dwt, 2020) delivery Rotterdam for a trip via Narvik and CoGH to the Middle East at a huge $51,500 with scrubber benefit to them, and Reachy took baby-cape *Polymnia* (98,704-dwt, 2012) delivery North China for period until minimum 1 August 2025 to maximum 30 September 2025 redelivery worldwide at $17,500.

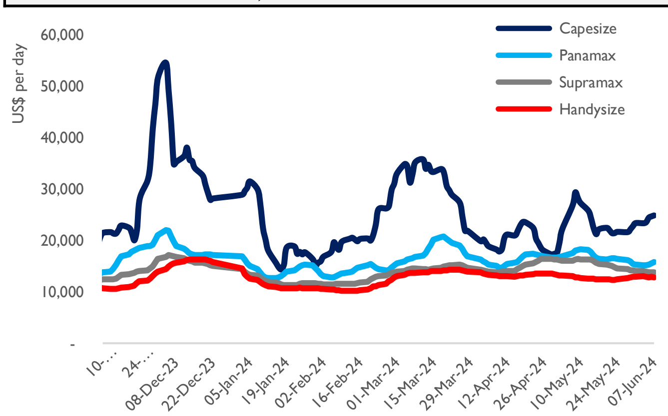
The week began quietly as anticipated with minimal enquiry and few fresh rumours emerging across **Panamax** markets. The Atlantic basin witnessed considerable softening with limited activity reported. Some owners opted to resist the low bids, choosing to wait and see how the market evolved instead. The Pacific experienced less of a decline, but sentiment continued to weaken. Mid-week however, brought a notable shift as the route P6 ex South America saw a substantial push with higher levels for early July arrivals supported by a steady cargo flow from Asia. This resulted in a positive index for the first time in days, but further demand is required to maintain rates moving forward for both basins. P5 TC closed at $15,752 up $512 since last reported on 31 May. In the Atlantic, the Klaveness controlled *Crimson Ace* (81,759-dwt, 2015) fixed retro sailing Krishnapatnam 20 May for a trip via East Coast South America redelivery Singapore-Japan at $18,500 to Axiom. Paralos controlled *Vitaocean* (82,250-dwt, 2013) open Ghent 5/7 June fixed for a trip via US East Coast redelivery India at $27,000 with Athena, whilst Bunge were linked to *Ellina* (82,612-dwt, 2008) delivery aps North Coast South America 10 June for a trip redelivery Skaw-Gibraltar at $18,100. In the Pacific, *Yasa Pioneer* (82,849-dwt, 2006) open Hong Kong 7/11 June was reported fixed for a trip via Indonesia redelivery South China at $14,500. *Transcenden Fortune* (84,940-dwt, 2023) open Huanghua 6/7 June was rumoured fixed for an Australia round trip at a rate in the high-$18,000's to Panocean. *Themis* (81,882-dwt, 2012) open CJK 3/5 June was heard fixed for a trip via NoPac redelivery China at $17,000 with Norden. On the period front, *Electra* (87,150-dwt, 2013) fixed delivery Gunsan 3/6 June for 16/18 months at $14,000 to Aquavita. *Seacon Antwerp* (82,332-dwt, 2024) fixed ex Tsuneishi Zhoushan yard 6/10 June for about 1 year period at $19,400 with Louis Dreyfus.

The **Supramax** market continued to slide downwards, but it feels it might be bottoming out. The Atlantic is still very weak, whilst the Indian and Pacific Oceans remains resilient. The S10TC closed at $13,789 down by $271 since reported last Friday. In the Pacific, *Jin Ping* (63,485-dwt, 2014) fixed delivery Koh Si Chang mid-June dates for a trip via the Philippines with nickel ore redelivery Bahodopi at $15,500, *Scorpio Honor* (56,88-dwt, 2010) was covered delivery Fangcheng prompt dates for a trip via Campha to Chittagong at $16,000, and *Amoy Fortune* (56,874-dwt, 2011) was heard fixed delivery Dongjiakou 12 Jun for a trip via the Philippines to South China with nickel ore at $12,500. Whilst in the Indian, Drydel fixed *Belafonte* (63,386-dwt, 2017) delivery Tuticorin prompt dates for a trip via South Africa with manganese ore to China at $17,000, and *Patmos* (63,800-dwt, 2024) was taken delivery Port Elizabeth 15th June for a trip with manganese ore to China at $22,000 plus $320,000 bb, with scrubber benefit for the owners. Additionally, *Block Island* (61,442-dwt, 2012 fixed to Cargill delivery Bin Qasim for a trip with salt via West coast India to China at $17,000, while *Cobra* (55,474-dwt, 2010) was rumoured fixed delivery Mongla for Indian coastal business at $13,500. And in the Atlantic, *Genco Hunter* (57,982-dwt, 2007) fixed delivery Garrucha for a trip with gypsum to US East Coast at $10,250, whilst *Red Azalea* (61,299-dwt, 2015) was covered delivery North France for a trip to Canada at $11,000.

Another slow and over stretched week in the Atlantic, hampered further by Posidonia events in Greece. The **BHSI** closed this week at $12,848, down $118 from last reported. Continent and Mediterranean markets remained especially weak. *CL Contigo* (40,799-dwt, 2015) open Ijmuiden fixed delivery Brake for a trip redelivery US East coast with steels at $10,750 to G2 Ocean. A trip from North France to Algeria was heard fixed at $7,450 on a 34k-dwt at the beginning of the week, now, recorded levels are starting with a '6' in front. A 28k-dwt was heard fixed at just $4,500 for a salt trip from the East Mediterranean to the Baltic. A shortage of tonnage in the Black Sea has seen level rise marginally but are still sub $10,000 for intra-mediterranean trips. A 35k-dwt was heard fixed from the Black Sea to the Caribbean in the $9,000's p/day range. The ever-changing US Gulf remained the only firming market in the Atlantic as sentiment strengthened alongside Owner's firming period ideas, although this could be short lived. In the South Atlantic, a lack of enquiry in the north of Brazil, pushed owners further south in search for cargoes, depressing rates marginally. HS3_38 index is still averaging in the $17k's for a trans-Atlantic trips. Over in South East Asia and Australia, while numbers have remained steady, reported activity was slow as sources cited a lack of fresh enquiry with tonnage lists expected to expand further. Charterers are said to be looking further afield for suitably priced tonnage. A 28k-dwt vessel was heard fixed from the Philippines to the Far East at about $10,000, while a 33k-dwt vessel was rumoured fixed from Malaysia to the Philippines at $13,500. Handymax *Yin Fu* (48,909-dwt, 2012) was rumoured fixed delivery Ho Chi Minh for a trip via Indonesia to CJK at $14,000. In the Far East, activity was also said to have been stifled after recent improvements in the region which may lead to some corrections in the coming days. A 39k-dwt vessel was heard fixed for a backhaul from the Far East to the Continent at $14,500.

Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate ($)	Charterers	Comment
Unity Sakura	84,808	2016	Fangcheng	4 Jun	Vietnam	$19,000	Cargill	via Indonesia
Ellina	82,612	2008	aps North Coast South America	10 Jun	Skaw-Gibraltar	$18,100	Bunge	-
Darya Preeti	81,981	2019	Zhoushan	5/7 Jun	South Korea	$20,000	Cobelfret	via Lyttelton - scrubber benefit to Charterers
Lyric Poet	81,276	2012	Rotterdam	7/11 Jun	India	$23,000	Mercuria	via US East Coast - recent
Tiger West	76,229	2013	aps East Coast South America	20-Jun	Singapore-Japan	$18,250	Refined Success	+ $825,000 bb
Belafonte	63,386	2017	Tuticorin	Prompt	China	$17,000	Drydel	via South Africa, intention manganese ore
Scorpio Honor	56,883	2010	Fangcheng	Prompt	Chittagong	$16,000	cnr	via Campha
Union Glory	55,088	2011	Luoyuan	6-Jun	North China	$16,000	cnr	via Philippines
Cl Contigo	40,799	2015	Brake	Prompt	US East Coast	$10,750	G2 Ocean	intention steels
Nordloire	37,212	2013	Mundra	Prompt	Middle East	$14,000	cnr	via Kwinana



Exchange Rates		This week	Last week
	1 USD	156.70 JPY	156.83 JPY
	1 USD	0.9228 EUR	0.9192 EUR
Brent Oil Price		**This week**	**This week**
	US$/barrel	80.18	81.98

Bunker Prices (US$/tonne)	This week	Last week
Singapore HSFO	507.0	535.0
VLSFO	587.0	604.0
Rotterdam HSFO	540.0	492.0
VLSFO	473.0	560.0

Dry Bulk S&P

As a significant part of the shipping world descended on Posidonia this past week the normal rhythms of the S&P markets were disrupted. Very few ships invited offers and the normally active rumour mill was not spinning around at its usual pace.

Of the sales we have to report this week, we understand *Konkar Venture* (82,099-dwt, 2015 YZJ) was an internal sale and the three Penglai Panamaxes may have been concluded prior to Posidonia. The other sales are more or less in line with last done deals as non-scrubber fitted Capesize *Cape Keystone* (179,250-dwt, 2011 HHI) formally invited offers at the end of last week resulting in the sale emerging early this week. The reported sales price of $32.5m is $1.5m down on the same age, scrubber fitted *Nord Ferrum (*179,668-dwt, 2011 HHI Subic) vessel sold by Norden in early May for around $34m.

Lastly, *Aktea R* (28,372-dwt, 2010 Imabari) is rumoured to have tied up at $10.9m, the same age *Khoi* (28,338-dwt, 2010 Shiminami) was rumoured sold for $10.7m at the end of April.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
Cape Keystone	179,250	2011	Hyundai Heavy Ind.		Chinese	$32.5m	
Konkar Venture	82,099	2015	Jiangsu Newyangzi		Pyxis Logistics	$30.0m	Internal Sale
Thisseas	75,200						
Icarus	75,200	2012	Penglai Zhonghai		Sea Gate Navigation	$52.5m	En bloc
Atlas	75,124						
Aktea R	28,372	2010	Imabari	C 4x31T		$10.9m	

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Tanker Commentary

As the firework displays disperse over the Vouliagmeni skyline drawing to an end Posidonia 2024; there is no doubt the headline deal of the week was awarded to the Navig8 tanker fleet acquisition by Adnoc for a fee of $1.5bn. Lengthy negotiations have clearly been ongoing for some time for the 32 vessels fleet with both parties taking the opportunity to announce the details of the transaction on shipping's biggest stage.

Elsewhere, reports of both conventional and alternative fuelled newbuilding orders continue to surface with owners looking to reinvest their exorbitant profits from recent years in more efficient, modern ship designs.

The only other secondhand sales that have come to light are all in the MR sector with Empire Navigation disposing of sisters *Gunmetal Jack* and *Paradise City* (49,999 dwt, 2009 SPP) for a price reportedly in excess of $28m. In addition, the 29 grades, zinc coated *Stolt Sisto* (46k-dwt, 2010 SLS) is reported to have changed hands for $28.5m - sales candidates in the chemical space are few and far between.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
Paradise City	49,999	2009	SPP	Greeks	$28.2m	
Gunmetal Jack	49,999				$28.2m	
Stolt Sisto	46,011	2010	SLS		$28.5m	Zinc Coated

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