HARTLAND
SHIPPING SERVICES

12 July 2024

WEEKLY COMMENTARY

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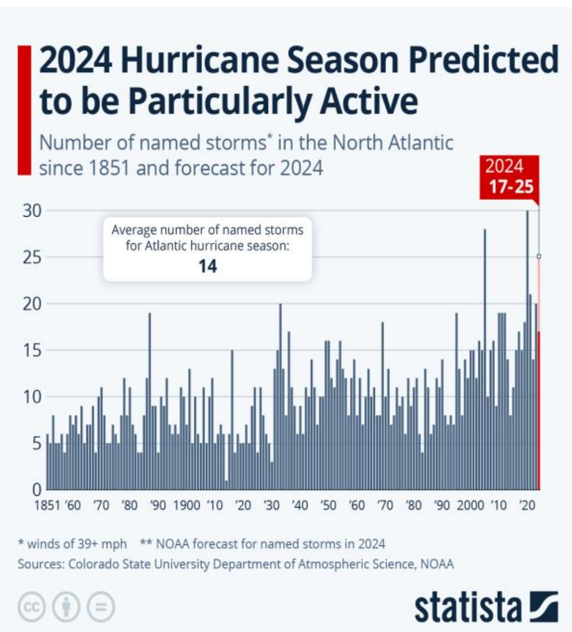
… Beware Hurricane Donald …



Source : Statista

POINTS OF VIEW

This week, Washington hosted a summit marking the 75th anniversary of Nato at a time when the defensive alliance is under greater pressure than any time in its history. With the addition of Finland and Sweden it now has 32 members with a record 23 of them meeting the 2% of GDP spending target, up from 9 in 2020. Under steady pressure from presidents Obama, Trump and Biden more nations are increasing spending in response to Russia's attacks on Ukraine since 2014. The result is more rather than less Nato. The November US presidential election will be critical as Trump is known to have tired of funding and fighting faraway wars. There is also a need for resources to be redeployed to the Indo-Pacific. Besides, there is little existential threat to the US mainland from actual and potential wars in Europe, the Middle East and the Asia-Pacific as America is cushioned by vast oceans to its east and west. The threat today is the Crink* axis that is militant in its ambition to overthrow the US-led western world order and replace it with a diverse grouping of aspiring growth nations in the global south. Among its ranks are significant non-aligned fence-sitters including India, Turkey, South Africa and Brazil. Nato's Indo-Pacific 'branches' include the Quad and Aukus* with support from other countries such as South Korea, New Zealand, Philippines and Vietnam. The polarising force of the old democracies and the new authoritarians is forcing countries to choose sides and shape their future philosophies and allegiances.

There is little doubt that Nato is dependent upon US membership without which it may not be able to defend Europe against external threats. This is largely a function of having run down military spending since the end of the Cold War over 30 years ago. Ukraine urgently seeks to clarify its pathway to Nato admission but is meeting tepid enthusiasm from the US, Germany and Hungary. Accession can only happen post-war, and after certain conditions are met, and yet we appear to be heading towards a frozen conflict. Nato has until the end of this year to increase its war preparedness in anticipation of the US possibly leaving the alliance. Trump's return also poses economic problems should he pursue similar policies to his 2017-20 term. The New York Times suggests that a repeat of that playbook, such as tariffs on trading partners and tax cuts at home, will be riskier this time around. When he became president in 2017 prices had risen 5% over the previous four years. In Biden's term to date they are up 20% with six months to go. Tax cuts, financed with borrowed money, and higher import tariffs will boost prices and lift inflation causing interest rates to go up, not come down.** The dollar will strengthen and raise debt servicing costs for all greenback borrowers around the world. The US economy is currently going full tilt and unemployment is low. Growth stimulus is not needed, neither is an increase in America's huge debt pile.

One Trump promise is mass deportations that would cause labour shortages and push up prices. Regardless, he will intimidate the Fed into lowering interest rates, but his announced policies will likely see the Fed do the exact opposite. Trump hounded Bernanke to lower rates and he will do the same to Powell, if he keeps him. Fortunately, the Fed is independent of the executive branch although Trump may try to change that, just as he has harnessed the judicial system and Supreme Court to do his bidding.+ Whether Biden or Trump is elected in November, spending is likely to continue to rise with a higher deficit under Biden and a much higher deficit under Trump. Medicare and Social Security costs keep rising as the population ages and debt servicing has surged. This is a great time to lie flat and do nothing as the economy is operating at near full capacity. Avoid raising the national debt and steer clear of escalating bilateral trade wars. Let the Fed do its job of containing and reducing inflation using its monetary policy tools. The Personal Consumption Expenditures index was at 2.6% in May, less than half its 2022 peak, but still higher than the 2% target. The CBO^ already estimates that the annual interest on government debt could rise to $1.7tn by 2034, almost double today's level. If Trump's 2017 personal income tax cuts are extended, deficits would be $3.3tn larger between 2025 and 2034, hiking interest expenses by $467bn. Biden's gaffes and murky health issues have weakened his chances of re-election, while helping Trump's prospects. The US, and the world, has much to fear on so many levels: political, social, economic, trade and geopolitical.^^ This is a storm warning!

*Crink: China, Russia, Iran and North Korea. Quad: India, Japan, Australia and the US. Aukus: Australia, the UK and the US.

**We must remind ourselves that US base rates rose from 0.25% to 5.25% in the aftermath of the pandemic and may not come down this year at all.

+Project 2025, is a 900-page dystopian policy bible, conceived by his closest advisers, but Trump improbably feigns ignorance of it, as reported in the Washington Post.

The Heritage Foundation's president declared: "We are in the process of the second American revolution, which will remain bloodless if the left allows it to be."

^The Congressional Budget Office. Since 1975, the CBO has produced independent analyses of budgetary and economic issues in support of the budget process.

^^Unexpected election results in France & Iran and an expected one in the UK. The US and Europe face uncertain futures, a weakness that will delight the global south.

WEEKLY COMMENTARY

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Dry Cargo Chartering

Capesize markets began the week by softening significantly before regaining ground Tuesday through Friday. Talks of an increase in fronthaul North Atlantic cargoes for early August dates combined with tightening tonnage lists and increasing Brazilian activity were thought to be behind this drive. Baltic Exchange timecharter averages closed at $27,338, down by just $354 since last reported. Relatively few Pacific fixtures came to light this week. Iron ore activity from Australia was seemingly subdued somewhat as Rio Tinto were linked to two TBN positions for late July dates, paying $9.90 pmt and $10.00 pmt, while FMG fixed Port Hedland/China at $10.00 pmt too. Additionally, Winking fixed Whyalla/Qingdao at $15.50 pmt for 170,000 mtons 10%, while Vale fixed from their Teluk Rubiah terminal to China the same quantity for 18/20 July at $7.60 pmt. As mentioned, South America saw healthy levels of activity along the usual Tubarao/Qingdao 170,000 mtons 10% route. Oldendorff took *Ladycharm* (169,676-dwt, 2008) eta Tubarao 10 August at $27.00 pmt with a West Africa option, *Captain Leonidas* (203,095-dwt, 2005) eta 27 August was covered in the low-$26.00's pmt, and Swissmarine fixed *Mount Cook* (208,886-dwt, 2023) for 190,000 mtons 10% at $26.35 pmt. The Deyesion relet *ES Blue Sea* (176,943-dwt, 2008) was also taken by these charterers at $27.50 pmt on Monday. We also heard Vale took an NYK Newcastlemax for 200,000 mtons 10% Tubarao/Rotterdam at $10.35 pmt, and from the Continent a 160,000 mtons 10% Narvik/El Dekheila run was covered at $10.25 pmt with EZDK. On timecharter, *Edward N* (176,216-dwt, 2011) fixed delivery Rotterdam for a fronthaul trip at an impressive $59,000.

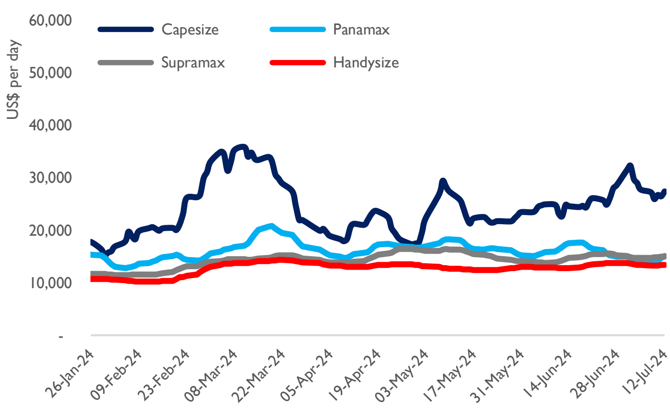
There was more positivity in the **Panamax** market this week with the North Atlantic now coming to the fore with notable upwards trends. Rates appeared to improve in the Atlantic with steady levels of demand against a tighter tonnage and ballaster count. Continent-Mediterranean ships are now pricing into the South America market, only adding further support to rates further north in the Atlantic. Asia saw decent levels of activity and premium rates were achievable particularly with tight dates, as the sentiment in the region clearly improved. P5 TC closed at $15,106 up by $1,192 since last reported 5 July. In the Atlantic, *Ever Best* (81,717-dwt, 2013) open Jorf Lasfar 12/13 July was fixed for a trip via North Coast South America redelivery Skaw-Spain range at $13,000 with Bunge. *Velos Jasper* (82,167-dwt, 2012) fixed delivery aps East Coast South America 23/26 July for a trans-Atlantic trip at a rate in the low-$20,000's to Cargill, with the scrubber benefit for the Charterers. *Hercules* (75,017-dwt, 2013) open Algeciras 13/16 July fixed for a trip via US East Coast redelivery India at $22,500 with Tata NYK. In the Pacific, *Ocean Saga* (81,499-dwt, 2015) open Lanshan 8 July was reported fixed for 2 laden legs redelivery Singapore-Japan range at $15,500 to Comerge. *Sea Hope* (79,461-dwt, 2010) open Son Duong 11/12 July fixed for a trip via Indonesia redelivery South Korea a $10,000 with Dooyang, whilst *Shail Al Rayan* (76,629-dwt, 2006) open Qinzhou 13 July was heard fixed for a trip via Indonesia to Singapore-Japan range at $11,500 to Tongli. SAIL fixed a TBN ship for their 75,000 mtons 10% coal lift HPCT-DBCT-APCT/Visakhapatnam 5/14 August at $18.45 pmt.

The **Supramax** index closed the week at $15,004, up by $323 from last week's close of $14,681. The Atlantic remained firm throughout the week with the US Gulf the star performer, while the Pacific softened overall. Oldendorff fixed *Koushan* (60,927-dwt, 2018) delivery Houston for a trip to China with grains at $26,000, and Dragon Carriers took *Flag Ganos* (56,5260-dwt, 2013) open Mississippi River 21 July for a trip via the Panama Canal to Japan at $26,000. Norden fixed *Maltzea* (55,580-dwt, 2011) open Savannah for a trip to UK-Continent range with wood pellets at $20,000. From South America, Bunge took *Orient Sky* (60,293 2017) open Rio Grande 11 July delivery APS ECSA to Japan at $16,75 plus a $675,000 BB, and *Nord Madeira* (64,061 2020) open Abidjan was covered for a trip via the East Coast to the Continent-Mediterranean at $21,750. On the Continent, XO fixed *Cape Henry* (55,782-dwt, 2013) delivery Raahe for a trip with scrap to the East Mediterranean at $13,500, while down in the Mediterranean, Weco fixed *Ocean Master* (56,716-dwt, 2013) delivery Bejaia for a trip to Cotonou with clinker at $13,000. In the Pacific, Chinaland fixed *African Sanderling* (58,798-dwt, 2008) delivery East Kalimantan redelivery Brunei at $13,000. *Antwerp Eagle* (63,531-dwt, 2015) fixed $17,500 Kemaman for a quick trip to China, and *HPC Atlantic* (56,064-dwt, 2013) open Hong Kong 8 July fixed a trip to Bangladesh with cement clinker at $17,500 with GML. On the period front, it was reported the newbuild *SSI Dominator* (63,123-dwt, 2024) open Japan at the end of July fixed $17,900 for 1 year.

Overall, it was a subdued week for **Handysize** markets that remained noticeably flat for the most part. The BHSI closed today at $13,339, a minute dip of just $26 from last Friday. A further decline of rates for tonnage across the Continent and the Mediterranean was seen due to the ongoing lack of significant fresh enquiry. South America was said to have shown signs of improvement, but more prompt tonnage will need to be covered in order for the positivity to really take hold. The US Gulf was certainly the most positive region, with an abundance of fixtures emerging at the end of the week. Limited tonnage availability there and increasing fresh enquiry is expected to continue. *Atlantic Halo* (42,070-dwt, 2024) was heard fixed delivery New Orleans for a trip to West Coast Central America at around $22,000, and *Birgit* (39,988-dwt, 2024) open Veracruz fixed delivery SW Pass for a trip to East Coast Mexico at $16,000 to Oldendorff. Additionally, Norden fixed *Jinling Confidence* (40,320-dwt, 2017) delivery Panama City for a trip to the Continent with wood pellets, *Yellowstone* (38,705-dwt, 2019) fixed DOP Caribbean via SW Pass to East Coast Mexico at $20,000, and elsewhere *Radius* (36,976-dwt, 2012) was rumoured fixed delivery New York for a scrap trip to Turkey to Shield at between $15,250-$17,000. Over in South East Asia, there was improving cargo availability from Australia and Indonesia suggesting improved sentiment will be coming in the next few days for this region. *Hui Shun No 1* (28,282-dwt, 2008) open Penang prompt was fixed for a trip to China in the $9,000's. In the North China-Japan region, limited fresh enquiry emerged adding negativity to the region and resulting in a generally quiet week for the Far East Asian markets. A 34k-dwt vessel open China was heard fixed at around $11-12,000 for a trip to Japan, while a 40k-dwt open Zhoushan 6 July fixed at $16,500 for a trip to Thailand with slabs.

Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate ($)	Charterers	Comment
Alpha Hero	82,052	2018	Kushiro	12 Jul	Singapore-Japan	$16,000	Oldendorff	-
ITG Uming 3	81,994	2020	Rizhao	14/15 Jul	Japan	$15,000	Cnr	Via Australia
Andreas Petrakis	75,999	2014	EC South America	27 Jul / 1 Aug	Singapore-Japan	$17,750	Cofco Agri	-
Shen Hua 808	75,411	2014	Guangzhou	17 Jul	South China	$12,500	GML	Via Indonesia
Shen Hua 802	75,380	2013	Shanwei	9 Jul	South China	$11,200	Tongli	Via Indonesia
Antwerp Eagle	63.531	2015	Kemaman	Ppt	China	$17,500	Swift	-
Yangtze Dora	55,452	2004	Singapore	13/18 July	Ningde	$15,750	ESM	Via South Kalimantan
Kang Man	52,818	2004	CJK	Ppt	Indonesia	$11,000	Fullinks	-
Sea Bliss	38,147	2014	Naoshima	Ppt	WCCA-USWC	$16,000's	Cnr	-



Exchange Rates		This week	Last week
	1 USD	159.05 JPY	160.73 JPY
	1 USD	0.9182 EUR	0.9230 EUR
Brent Oil Price		**This week**	**Last Week**
	US$/barrel	85.88	87.25

Bunker Prices (US$/tonne)	This week	Last week
Singapore HSFO	539.0	549.5
VLSFO	637.0	652.0
Rotterdam HSFO	516.0	526.5
VLSFO	583.0	600.5

HARTLAND SHIPPING SERVICES

Dry Bulk S&P

As has been the case for some time there is no shortage of activity, with a raft of sales to report across all sizes.

Whilst there are a number of Cape and Newcastlemax deals currently under negotiation, Korean owners Chang Myung Shipping are reported to have tied up their 2008 built Cape *C Vision* (173,723-dwt, 2008 Bohai) on subjects for $20.75m to undisclosed buyers. It is some time since a Chinese built cape of this vintage has been sold, but the price seems a bit light and also illustrates the hefty discounts seen for Chinese built tonnage of this age irrespective of the smaller dwt.

HMM continue their buying spree and have reportedly paid $37m for the BW controlled Kamsarmax *BW Kobe* (81,703-dwt, 2019 Tsuneishi Cebu), very much in line with the 2018 Tsuneishi Zhoushan built *Livia Rose* (81,828-dwt) recently sold for $35.6m.

In the only confirmed Supramax sale, we understand that undisclosed buyers have paid $12.75m for *Um Elhanaya* (56,726-dwt, 2010 Qingshan) - again in line with recent benchmarks.

Handies dominate the sales table today. Having bought *Western Panama* (39,000-dwt, 2015 JNS) in June for $18.6m, Thai owners Precious Shipping have returned to the Nisshin stable and have committed another four sisterships of the same age - *Western Durban, Western Lima, Western Miami* and *Western Paris* (39,000-dwt, 2015 JNS) - although at significantly higher prices of mid-high $19's each. We understand that the deal may be on subjects, and the increased prices suggest that these may be long.

Clients of Vogemann in Germany have committed two HMD sisterships enbloc - *Voge Mia* (36,866-dwt, 2011 HMD) and *Voge Emma* (36,839-dwt, 2011 HMD) to Greek buyers for $15.3m each. This price places Korean built tonnage of this size and age neatly in between values of Japanese and Chinese built 38,000-dwt units.

With more limited interest in Korean built tonnage of this smaller deadweight, *Kouros Pride* (34,146-dwt, 2011 Dae Sun) has finally been sold - with a very prompt delivery in *Gibraltar* (within the next 10 days) - for a price of $13.75m, somewhat less that the owners had originally been aiming for.

Finally, 28,000-dwt units continue changing hands, and this week *Miro G* (28,207-dwt, 2011 Imabari) has been committed for $11.5m.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
BW Kobe	81,703	2019	Tsuneishi Cebu		HMM	$37.0m	
UM Elhanaya	56,726	2010	Qingshan	C 4x30T	Chinese	$12.7m	
Western Durban Western Lima Western Miami Western Paris	Abt 39,000	2015	JNS	C 4x30T	Precious Shipping	Mid-high 19's each	Enbloc – On subjects
Voge Mia Voge Emma	36,866 36,839	2011	HMD	C 4x31T	Greeks	$15.3m $15.3m	Enbloc
Kouros Pride	34,146	2011	Dae Sun	C 4x30T	Lamda Maritime	$13.75m	DD due
Miro G	28,207	2011	Imabari	C 4x31T		$11.5m	

Dry Bulk Orderbook (as of early July)

As of 4th July 2024	Capesize		Panamax		Supra/Ultramax		Handysize		Total	
	#	M-dwt	#	M-dwt	#	M-dwt	#	M-dwt	#	M-dwt
2024	13	2.6	72	5.9	84	5.3	70	2.7	239	16.5
2025	36	7.3	124	10.2	187	11.9	132	5.3	479	34.6
2026+	84	18.8	214	17.8	170	10.8	63	2.5	531	50.0
Total	**133**	**28.7**	**410**	**33.9**	**441**	**28.0**	**265**	**10.5**	**1,249**	**101.1**
OB as % Fleet	**6.6%**	**7.2%**	**12.9%**	**13.1%**	**10.7%**	**11.9%**	**9.0%**	**10.4%**	**10.2%**	**10.2%**

This month we saw our orderbook as a percentage of the fleet ratio rise above 10% in dwt terms (25k-dwt +), to 10.2%, mostly due to the addition of a lot of Capesize tonnage (inc. Newcastlemaxes and ore carriers). This is the highest the ratio has been since early 2020. This is in stark contrast to how our orderbook report looked 12 months ago, at ~8% FL/OB ratio (note these are the "live" figures, and in reality orderbooks grow retrospectively and become back-filled as more orders come to light belatedly, especially in Japan).

This extra ordering over the last 12 months, is however, spaced out. 49% (50m-dwt) of the tonnage on order is not due to deliver for at least another 18 months, (i.e. 2026 onwards). When we did the same analysis this time last year (Jul-23), only 39% (29m-dwt) of the tonnage on order was more than 18 months away from delivery (Jan-25 onwards). 47m-dwt was scheduled to deliver in the coming 18 months, against 51m-dwt today. Whilst orderbooks have clearly expanded rapidly - a lot of this is quite back-dated. Higher output in the future (e.g. 2026/27) may be possible due to the ramp-up in yard capacity currently underway in China. This has taken several forms; yards re-opening (e.g. Hengli - formerly STX Dalian), yards expanding internally or just increasing productivity by hiring more labour etc. In recent weeks alone we have become aware of some major Chinese yards planning to build new dry docks to increase their capacity.

Tanker Commentary

With no crude sales to report this week, product tankers make up this week's slim sales list.

PGC Companion (72,825-dwt, 2005 Hudong) has secured a price of $18m – the Buyers will not have to put her through dry dock until end 2026. By comparison, the last done was end April with *Chora* (72,735-dwt, 2006 Dalian) agreeing a price of $17.5m. Although she is a year younger, her intermediate surveys were due immediately.

In the MR2 segment, Italians Gestioni are reported as the Buyers of *Endless Summer* (49,999-dwt, 2010 Onomichi) at $30m, with over a year left until next docking. This is in line with June's transaction of *Grace Leo* (47,409-dwt, 2009 Onomichi) which fetched $28.5m basis SS/DD freshly passed.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
PGC Companion	72,825	2005	Hudong		$18.0m	
Endless Summer	49,999	2010	Onomichi	Gestioni	$30.0m	

Tanker Orderbooks (as of early July)

As of 4th July 2024	Aframax (80-120k-dwt)		Suezmax (120-200k-dwt)		VLCC (200-dwt +)		Crude Total	
	#	M-dwt	#	M-dwt	#	M-dwt	#	M-dwt
2024	7	0.81	7	1.1	1	0.3	15	2.2
2025	8	0.93	29	4.6	5	1.5	42	7.0
2026+	22	2.54	61	9.6	61	18.9	144	31.0
Total	**37**	**4.3**	**97**	**15.2**	**67**	**20.8**	**201**	**40.2**
OB as % Fleet	**5%**	**6%**	**15%**	**15%**	**7%**	**7%**	**9%**	**9%**

As of 4th July 2024	Handy (30-41k-dwt)		MR (41-60k-dwt)		LR1 (60-80k-dwt)		LR2 (80k-dwt +)		Product Total	
	#	M-dwt	#	M-dwt	#	M-dwt	#	M-dwt	#	M-dwt
2024	0	0.0	27	1.3	0	0.0	7	0.9	34	2.3
2025	2	0.1	77	3.8	9	0.7	52	6.0	140	10.5
2026+	4	0.1	145	7.1	33	2.5	78	8.9	260	18.7
Total	**6**	**0.2**	**249**	**12.3**	**42**	**3.1**	**137**	**15.8**	**434**	**31.5**
OB as % Fleet	**1%**	**1%**	**15%**	**15%**	**11%**	**11%**	**31%**	**32%**	**14%**	**18%**

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