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Milton Among Strongest Hurricanes Recorded

Atlantic hurricanes with the fastest sustained wind speeds and lowest pressure recorded since 1851

Highest wind speeds (in mph/1-minute sustained)



Lowest pressure (in millibars)



Sources: NOAA, media reports



Source: Statista

*15 of 21 market participants surveyed by Bloomberg expect Rmb2tn in new aid. Only 4 expected a package of more than Rmb3tn. In 2008-09, Rmb4tn was deployed.

Without fiscal stimulus it is hard to see how China can hit its 5% growth target for this year. Most analysis projects this at 4.8% or lower now.

^Stimulus may be consumption targeted: subsidies for elderly/poor, consumption vouchers, families with children, larger social safety net, subsidise car/goods purchases.

The size of fiscal stimulus may be 'modest' to stabilise rather than boost markets and to retain firepower in case Trump wins and embarks on a brutal trade war with China.

+It says of Xi's long-term vision: central control of finance and capital allocation, a tight rein on the property market, and prioritisation of investment over consumption.

Xi is allegedly aiming for technology leadership and becoming less dependent on the US. A self-sufficient, tech powerful economy is more important than GDP growth.

POINTS OF VIEW

Shipping markets have come to rely heavily upon Chinese demand over the past four decades as China has played an increasingly large role in global trade. Its early advantage of cheap labour helped it become a global centre for producing low-value garments and mass manufactured goods that it exported to the world. It moved up the value chain with state-led investment in heavy industry to become a champion in steelmaking, shipbuilding, oil refining and petrochemical production, exporting surplus output while waiting for domestic demand to catch up. More recently, as it tackles its own pollution issues, it is playing a leading role in the green transition as a supplier of solar panels, wind turbines and electric vehicles – things that it can produce more cheaply than foreign competitors, often to their detriment. As it continues its journey up the value chain, China is now turning its sights to robotics and artificial intelligence. To this end, it has cornered the mining and processing of the rare earth minerals that are needed to support the production of stuff ranging from EVs and renewables to AI and advanced technology production. The country is itself transitioning from industry to services as it prioritises the quality over quantity of growth to cater to the aspirations of a large and rising middle class. This cohort is made up of homeowners who enjoy travelling, entertainment, eating out and luxury goods. But today, this important social group is struggling as excessive investment has caused the housing market to crash and property prices continue to fall.

The government's recent monetary stimulus did little to revive household sentiment as the negative wealth effect of falling house prices is constraining spending and encouraging saving. This is contaminating the entire economy, and at times the stock market, suggesting that something much bigger needs to be done to break out of the doom loop. Tomorrow, in an eagerly awaited press conference, China's finance minister is expected to announce fiscal stimulus measures to support the slowing economy. Analyst consensus anticipates the deployment of about Rmb2tn (\$283bn)* in fresh money to boost growth and restore confidence. It may fall well short of what is needed, with leading investment banks guessing from Rmb1tn to Rmb10tn. One thinks it will take Rmb10tn to stop property prices falling, finish uncompleted apartments, refinance local government debt and provide direct help to embattled households. Another one pitches it at Rmb3tn: 1tn each to make up for a shortfall in local government revenues, 1tn to promote consumption-led growth and 1tn to help recapitalise the banks. Mohamed El-Erian, writing in Bloomberg Opinion, disputes the need of a big bazooka as China cannot fix its micro problems with macro tools, while micro tools need time for formulation and impact. The view is that a bazooka, were it to happen, may only worsen structural and financial imbalances.

The property slump impacted local government finances as they can no longer raise money from land sales and suffer falling local tax revenues. The enormity of total public debt will likely act to limit the magnitude of any fiscal stimulus. However, some economists surveyed by Bloomberg hope that curbs on the use of special local bonds will be relaxed allowing the funds to be used for purposes such as buying back land or buildings from developers. It would appear to be vital to stabilising house prices, to at least stop them from falling, as no-one will buy something that may be cheaper tomorrow. This point feeds into wider fears of falling prices, due to weak consumption and overproduction, thus ramping up deflationary risks. Investment in saturated property and infrastructure should end, to be replaced by technology-intensive manufacturing and measures that will encourage consumption. Eventually, this will be a pathway to high-wage jobs and rising incomes. The present reliance on overproduction and exports should be reduced given rising global trade tensions. The FT wonders whether fiscal stimulus can restore confidence after the damage done by the pandemic, the property sector meltdown and Xi's reassertion of party control over the business landscape. The World Bank observes that structural issues, such as an ageing population and limited social protection, compound the problem of falling property prices and slowing income growth, driving higher savings. Gavekal concludes, in the long run, China's vision is unchanged: technology and self-sufficiency matter more than growth and profits.+ We want China back on form for the vital role it plays in global shipping demand. Much will be revealed tomorrow.

Dry Cargo Chartering

The end of Asian holidays failed to kickstart **Capesize** markets this week as further softening was seen. There was again talks of a noticeable reduction in Pacific cargo volumes, while Atlantic sentiment remained negative despite reasonable levels of activity. Overall timecharter averages dipped to \$23,509, a decline of \$3,388 from last reported. From Australia, freight ex. Dampier ranged from \$10.10 pmt and fell to \$9.65 pmt, while from Port Hedland we saw a spread from several Charterers of \$9.60 pmt to \$10.45 pmt. Elsewhere a 135,000 mtons 10% coal tender Richards Bay/Boryeong was covered at \$20.50 pmt. From Tubarao, RWE fixed *Vittoria* (180,025-dwt, 2015) to Qingdao at \$25.65 pmt, Pacbulk covered *An May* (207,991-dwt, 2020) in the high \$26.00's pmt, and *Frontier Niege* (182,737-dwt, 2011) was reported fixed at \$25.40 pmt. From Itaguaí, *George Island* (181,352-dwt, 2011) was taken at \$27.70 pmt and *GH Leveche* (179,223-dwt, 2009) at \$26.80 pmt. Both were fixed by CSN. On the period front, Doun Kisen took on *Princess Eternity* (182,263-dwt, 2022) delivery in direct continuation for 2 years trading at \$28,500.

The positivity seen at the end of last week continued for the **Panamax** markets, largely driven by Asia, as we saw plenty of fixtures coming to light. There was talks of solid demand from Indonesia, Australia, and the North Pacific as the Chinese returned. Timecharter averages ended the week at \$12,918, an increase of \$422 from last Friday. From the Pacific, we heard NS United fixed *Nord Taurus* (81,718-dwt, 2016) delivery Yantai for a NoPac round trip at \$15,250, Sinmal took *Chinook* (93,266-dwt, 2012) delivery CJK for a trip via Australia to Malaysia at \$11,500, and *MG Kronos* (84,790-dwt, 2016) was reported fixed delivery Kunsan for a prompt trip via East Coast Australia back to the Far East at \$17,250. Elsewhere, Norden fixed *SSI Excellent* (81,119-dwt, 2016) retro-sailing Haldia for a trip via East Coast South America to Singapore-Japan at \$14,250, as well as *Scarlet Falcon* (82,260 2014) delivery APS East Coast South America again to the East at \$17,500 plus \$750,000 bb. It was also rumoured that Western Bulk fixed *Nireas* (82,067-dwt, 2012) delivery Dunkirk for a trip via US East Coast to India at \$19,500. Additionally, Jera covered 70,000 mtons 5% coal Newport News to Jorf Lasfar at \$12.75 pmt for 17/23 October.

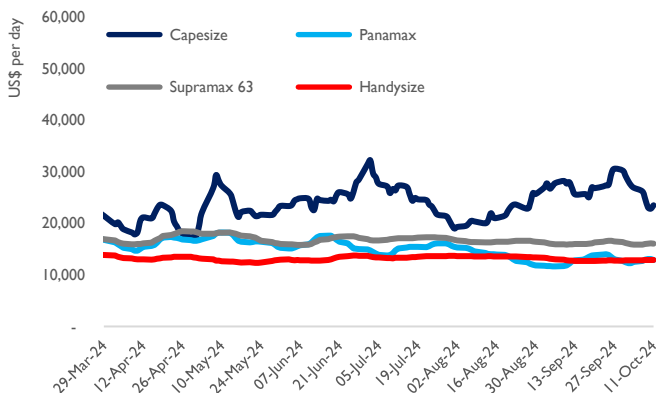
Supramax markets this week generally remained fairly balanced and flat, except for the US Gulf that stood firm and positive despite the extreme weather in the region. The Pacific market disappointed as the anticipated bounce-back after Chinese Golden Week was not seen. The BSI closed at \$16,036, up from last weeks \$15,897. In the Pacific, *APJ Kais* (56,725-dwt, 2009) was fixed delivery Hong Kong 12/16 October for a trip via Indonesia to China with coal at \$13,250, *Eastern Edelweiss* (56,757-dwt, 2012) was fixed delivery passing Singapore 14/15 October for a trip via Indonesia to China at \$16,000, and *SSI Glorious* (56,733-dwt, 2012) open Tianjin was linked to a trip to West Coast India at \$15,500. In the Indian Ocean, *Abram Schulte* (61,380-dwt, 2012) fixed

delivery Mina Saqr for a prompt trip redelivery Bangladesh at \$17,000 to Panbulk, *Al Jimi* (63,496-dwt, 2017) fixed delivery Richards Bay for a trip to Pakistan at \$16,000 plus \$160,000 bb to Western Bulk, and *Um Imabari* (63,725-dwt, 2023) fixed delivery Khasab for a trip to Bangladesh with limestone at \$17,500. In the Atlantic, *Ultra Diversity* (63,490-dwt, 2017) was fixed to Norton for a trip delivery Southampton 10 October redelivery Egypt with scrap at \$17,500, *Hony Future* (56,689-dwt, 2012) open Damietta 18 October was heard fixed basis delivery Iskenderun for a trip via Gulf of Aden redelivery China with bauxite at \$15,000 to Pegasus, and *LMZ Phoebe* (56,733-dwt, 2011) open New Orleans was fixed via Mobile to the Baltic at around \$19,000-\$19,500.

A quiet week in the **Handysize** market, the BHSI closed today at \$12,925 up \$101 since our last report. On the Continent, *K Sukret* (32,474-dwt, 2014) open Rotterdam fixed via Rouen to Atlantic Columbia at \$9,000 with Norvic. It was reported that Norden fixed *Trawind Roc* (33,451-dwt, 2012) open Poland for a trip via Klaipeda to Matadi at \$13,500, while *Global Fortune* (33,701-dwt, 2011) open Eemshaven fixed delivery Skaw via Riga to Apapa & Port Harcourt with grains at \$12,750 with Nova Marine. The Mediterranean was active with various fresh prompt cargoes emerging, with a couple of front haul cargoes in the market. The US Gulf softened with rates dropping marginally towards the end of the week with little change to market fundamentals. It was heard a 36,000-dwt fixed at \$12,000 for a trip to the East Mediterranean. *Orient Tide* (36,009-dwt, 2010) open Cristobal fixed via Barranquilla to the Continent with coal \$13,000 to Pioneer. On the East coast, *Jasmund* (39,234-dwt, 2015) open Fairless Hills fixed a fronthaul at \$20,000. South Atlantic remained subdued with little activity, although sentiment is positive for the remainder of the year. *Ithaca Patience* (28,349-dwt, 2010) open Montevideo fixed delivery Recalada for trip to the US East Coast with grains at \$11,000 to Norden. *Serenity* (36,599-dwt, 2011) open Monrovia fixed delivery Maceio for trip to the Continent with sugar at \$13,500 with Oceana. In the Pacific, market rates remained steady with spot requirements popping up throughout the week and a tightening tonnage list. Far East market levels remained fairly decent. *Lolita* (40,420 -dwt, 2024) was heard to fix delivery Namura for a trip to the Continent at \$18,000 with steels. *Maple Fortune* (32,544-dwt, 2010) was heard to have fixed delivery North China for trip to Singapore with slag at \$14,000. Further south, activities were rather subdued with limited Australia cargoes. *Eucalyptus* (36,896-dwt 2019) fixed a trip via Vietnam to the Mediterranean at \$14,000 for the first 75 days, \$17,000 thereafter. We heard a 28,000-dwt open Philippines fixed \$11,000 for an Australia round voyage to the Far East. On the period front, *Yangtze Classic* (32,456-dwt, 2012) fixed delivery Belawan for legs in the high \$13,000's.

Representative Dry Cargo Market Fixtures

| Vessel | DWT | Built | Delivery | Date | Redelivery | Rate (\$) | Charterers | Comment |
|-------------------|--------|-------|--------------|-----------|-----------------|-----------|------------|---------------|
| Shandong Fu Xin | 81,783 | 2019 | Cai Lan | 9/10 Oct | South China | \$15,250 | Cnr | Via Indonesia |
| Nord Taurus | 81,718 | 2016 | Yantai | 11/12 Oct | Singapore-Japan | \$15,250 | NS United | Via NoPac |
| Rosco Plum | 76,801 | 2004 | Xiamen | 9/11 Oct | South China | \$12,500 | Cnr | Via Indonesia |
| Chang Yang Jin An | 76,296 | 2001 | Vung Tau | 14/15 Oct | South China | \$14,500 | Sinocean | Via Indonesia |
| Starlight | 75,611 | 2004 | Putian | 11/16 Oct | Singapore-Japan | \$11,500 | Panocean | Via NoPac |
| Ultra Diversity | 63,490 | 2017 | Southampton | 10 Oct | Egypt | \$17,500 | Norton | - |
| Eastern Edelweiss | 56,757 | 2012 | Singapore | 14/15 Oct | China | \$16,000 | Cnr | Via Indonesia |
| APJ Kais | 56,725 | 2009 | Hong Kong | 12/16 Oct | China | \$13,250 | Cnr | Via Indonesia |
| Orient Tide | 36,009 | 2010 | Barranquilla | Ppt | Continent | \$13,000 | Pioneer | - |



| Exchange Rates | This week | Last week |
|-----------------|------------|------------|
| 1 USD | 149.22 JPY | 148.14 JPY |
| 1 USD | 0.9137 EUR | 0.9108 EUR |
| Brent Oil Price | This week | Last Week |
| US\$/barrel | 78.97 | 78.62 |

| Bunker Prices (US\$/tonne) | This week | Last week |
|----------------------------|-----------|-----------|
| Singapore HSFO | 499.0 | 490.5 |
| VLSFO | 629.5 | 614.5 |
| Rotterdam HSFO | 544.5 | 457.5 |
| VLSFO | 569.5 | 543.5 |

11th October 2024

Dry Bulk S&P

It's been a busy week on the secondhand market with a wide variety of sales, illustrating appetite across the sectors. The investor cash sitting in owners' accounts and hovering in financiers' facilities has not evaporated; it still needs to be placed and the discounts that have appeared in recent weeks are all the stimulus that is needed to see it spent. The secondhand market is not wholly transparent and what actually was paid and under what conditions is often a matter of informed conjecture. However, it would seem that it is likely that in certain sectors deals that were done in recent weeks are not clearly repeatable today from a buyers' perspective.

The Capesize market continues unabated. *SG Express* (180,157-dwt, 2009 Dalian) is sold for \$26m. Considering that her surveys are imminently due, this is at the very least as per last done. Likewise, *Lila Cochin* (174,398-dwt, 2005 SWS) is sold at \$18.1m with surveys due from leading recycling buyers. How they maintain vessels for long term investment is unknown.

The post-Panamax, Kamsarmax and Panamax sector has arguably shown the most ankle in the current market and has been rewarded by the largest number of suitors. The post-Panamax *Lowlands Energy* (95,719-dwt, 2013 Imabari) having tempted buyers with an "any offers" pitch has been knocked-off for a respectable \$23.7m. *PS Cadiz* (82,256-dwt, 2010 Tsuneishi Zhoushan) has matched last done numbers at \$16.8m, while buyers have

paid up for the high pedigree *Nord Virgo* (80,915-dwt, 2014 JMU) at \$26.5m. Meanwhile the, shall we say, mixed pedigree *Pan Viva* (75,026-dwt, 2010 Penglai) is sold at a respectable \$15m.

In the geared segment, the Ultramax *Ocean Ambitious* (63,577-dwt, 2016 CSI Jiangsu) is sold for a last done \$25.5m.

Finally the first generation, Chinese-built Supramax *Arion* (53,806-dwt, 2003 New Century) is sold for \$9m - which is approximately half what she was contracted for. Nice.

Reported Dry Bulk Sales

| Vessel | DWT | Built | Yard | Gear | Buyer | Price | Comment |
|-----------------|---------|-------|--------------------|-----------|-----------------|---------|---------------------------------------|
| SG Express | 180,157 | 2009 | Dalian | - | Chinese | \$26.0m | SS/DD due. Delivery in Nov – mid Dec. |
| Lila Cochin | 174,398 | 2005 | SWS | - | Chinese | \$18.1m | SS/DD due |
| Lowlands Energy | 95,719 | 2013 | Imabari | - | Greek | \$23.7m | |
| PS Cadiz | 82,256 | 2010 | Tsuneishi Zhoushan | - | Pioneer, Greece | \$16.8m | |
| Nord Virgo | 80,915 | 2014 | JMU | - | Kyla | \$26.5m | Scrubber fitted |
| Pan Viva | 75,026 | 2010 | Penglai Jinglu | - | | \$15.0m | |
| Ocean Ambitious | 63,577 | 2016 | CSI Jiangsu | C 4 x 30T | Chinese | \$25.5m | |
| Arion | 53,806 | 2003 | New Century | C 4 x 40T | | \$9.0m | |



Tanker Commentary

We have an eclectic mix of tanker sales to report this week, with five ships confirmed sold from four different sectors.

Starting with the largest of the fleet, one VLCC has been committed this week. *Gesi* (305,749-dwt, 2007 DSME) sold for \$43.25m. This is a significant marked discount compared to the last done sister *Eurohope* (306,506-dwt, 2007 DSME) which sold for \$51m at the end of in late July.

In the LR2 sector, *PS Genova* (108,983-dwt, 2010 Hudong) has changed hands for \$40.2m. The last vessel sold of a similar age was scrubber-fitted *Norvic Monia* (105,348-dwt, 2008 HHI) in June for \$41.9m.

PV Trans are reported to have picked up the Aframax *Serene Sea* (105,244-dwt, 2009 Sumitomo) for \$36.5m with surveys due. This sale followed the recent transaction of *Lambda* (104,866-dwt, 2006 Samsung) which sold for \$32m a few weeks ago.

Finally, two chemical tankers have been sold. The first is *Lila Frontier* (19,806-dwt, 2004 Kitanihon) which has been bought by Korean buyers for \$16.1m basis surveys due. With a lack of liquidity in this sector, the last J19 sold of this vintage was the same aged sister *G Bright* (19,931-dwt, 2004 Kitanihon - StSt) also sold with surveys due for \$15.3m in May this year. The second is *Larisa* (8,924-dwt, 2003 Shin Kurushima - StSt) reported sold to Indonesian buyers for \$7.5m.

Reported Tanker Sales

| Vessel | DWT | Built | Yard | Buyer | Price | Comment |
|----------------------|---------|-------|----------------|------------|----------|-----------------|
| <i>Gesi</i> | 305,749 | 2007 | DSME | | \$43.25m | |
| <i>PS Genova</i> | 108,983 | 2010 | Hudong | | \$40.2m | Epoxy |
| <i>Serene Sea</i> | 105,244 | 2009 | Sumitomo | PV Trans | \$36.5m | SS/DD due |
| <i>Lila Frontier</i> | 19,806 | 2004 | Kitanihon | Korean | \$16.1m | SS/DD due. STST |
| <i>Larisa</i> | 8,924 | 2003 | Shin Kurushima | Indonesian | \$7.5m | STST |

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