01 November 2024

HARTLAND
SHIPPING SERVICES

WEEKLY COMMENTARY

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… Only US & EU are reducing GHG emissions …

Source : Statista

+Made in China 2025 policy is working. It is a global leader in 5 of 13 key targeted technologies: UAVs, solar panels, graphene, high-speed rail, EVs & lithium batteries.

It is gaining ground in the other 8: LNGCs, drugs, large tractors, machine tools, robots, AI, semiconductors and commercial aircraft. It will be competitive in all by 2030.

*The Li Keqiang Index used electricity usage, rail freight and bank lending as key economic growth metrics, preferred to GDP growth reports from the localities.

**In 2022, electric power generation accounted for 28% of China's total energy consumption, up from 11% in 2000, as heating and transportation rapidly electrify.

China's aircon manufacturing jumped 15% in 2023, after record heatwaves in 2022. Strong electricity demand in China could keep those coal plants going for longer…

^China's crude oil imports Jan-Sep 2024 were 11.03m-bpd, 3.1% lower YoY. Product exports over the same period were 45.2mt, down 5.7% YoY.

^^China's 2024 iron ore imports are set to rise by 4.3% YoY to 1.21bt on strong steel exports, but its crude steel output and apparent consumption may dip by 0.3% & 0.2%.

POINTS OF VIEW

The US presidential election is now only days away and the result is still regarded as a coin toss. It is unlikely that we will have a result on Nov 6, the day after the election, given the high probability of recounts and contested states. Trump and the Republicans have already made it clear that they will contest the result should they lose – an extension of his "fight, fight, fight" principle. Harris and the Democrats have remained silent on electoral shenanigans and are more likely to concede should they have clearly lost. However, it is forecast to be so close that both sides may request recounts, keeping Americans and the world on tenterhooks. Possibly the worst result would be a clean sweep with either side winning the presidency, the House and the Senate. Then power to execute policy will be unbridled and, in both cases, will almost certainly be inflationary and require that interest rates stay higher for longer. 10yr US treasury and UK gilt yields are soaring. The Democrats have a socialist redistributionist agenda that will push green policies and greater regulation. In contrast, the Republicans promise to bring in narrowly targeted tax cuts favouring corporations and well-off households, a drill-baby-drill policy and looser regulation. Voters are faced with poor choices, and little idea as to which policies will have been intentionally left to wither and die on the campaign trail, and which ones may have a chance to get enacted. Shared control of Congress could be the best outcome as cross-the-aisle negotiations and compromise will be required to pass any laws.

One thing either president will do is impose greater tariffs on Chinese imports with Trump promising tough action as he tries to lower the bilateral trade deficit and punish what he sees as unfair trade practices and state support. There are signs that China is making conciliatory overtures towards the US and Europe as its economy is not best placed for a full-on trade war, but it may be a little late to head one off. In Riyadh, the CEO of Goldman Sachs remarked how the US economy is proving to be "incredibly resilient", with AI providing the tailwind. AI is also a bone of contention for the two countries with the US being a leader in high-end microchips and China having a stranglehold on the global supply and processing of AI-enabling rare earths. China has accused the US of restricting its growth by denying it access to certain hi-tech products while weaponizing its EV sales to Europe which is undermining the German auto industry. An early casualty is the giant Volkswagen, Europe's largest carmaker, which plans to shut three German factories, lay off tens of thousands of workers and impose 10% pay cuts on the retained workforce. VW is suffering from lower sales of its cars in China, greater competition from Chinese EVs in Europe, and higher energy, material and staff costs. It is no longer competitive and illustrates how Germany, Europe and the US are on a collision course with China over trade. So far, China is winning the global race for EVs, wind, solar, electric power generation, manufacturing, minerals processing and control of global supply chains.+

While the rest of the world retreats from green targets, China is embracing them by going full pelt into renewables such as solar and wind on top of hydro and nuclear. But, to dovetail these in as it phases out carbon, it is still building coal-fired power plants to avoid periodic blackouts. Bloomberg points out that China's coal plants are the largest contributors to global warming and their lifespans are being prolonged by robust electricity use from this cheap but pollutive energy source.* In the first 3Qs of 2024, China's thermal generation was up 1.9% YoY and electricity consumption was up 7.9%, the highest since the post-Covid manufacturing boom of 2021, as demand from data centres and cooling rise, despite weak economic growth. It will provide near-term support for domestic thermal coal production and seaborne thermal coal imports from Indonesia, Australia and elsewhere.** A salutary lesson may be found on the oil side. PetroChina is shutting its largest refinery in north China in mid-2025, a 410k-bpd unit in Dalian, representing 3% of national output, due to overcapacity and lower fuel demand from slowing economic growth and electrification of China's car fleet.^ The dry and wet bulk shipping sectors have held up well but there are risks to China's key raw material imports from the fast rate of the domestic green transition and to its steel and refined product exports from rising trade tensions.^^ There is an urgent global need to decarbonise and tackle climate change but, for shipping, it is a case of be careful what you wish for.

WEEKLY COMMENTARY

1st November 2024

HARTLAND SHIPPING SERVICES

Dry Cargo Chartering

Capesize markets witnessed a much more stable week as averages remained comparatively flat, again indicating that a bottom may have been found. Overall timecharter averages settled at $15,329, a slight decline of $66 from last week. From the Pacific, activity slowed in the second half of the week owing to holidays in Singapore. Freight paid by Rio Tinto for their usual Dampier/Qingdao run ranged from $8.55 pmt to $8.75 pmt. From West Africa, Cosco covered a Boffa, Guinea/China cargo of 170,000 mtons 10% at $21.00 pmt, while Icon Gulf chartered *Captain Vangelis* (169,044-dwt, 2009) for Kamsar/Qingdao loading 10/15 November at $21.70 pmt. From South America, Mercuria took *Cape Gannet* (182,027-dwt, 2024) for Tubarao/Qingdao 21/25 November at $20.35 pmt, and another TBN vessel with a West Africa loading option at $20.35 pmt. Additionally, Oldendorff fixed *Mineral Honshu* (181,408-dwt, 2012) for 170,000 mtons 10% coal Puerto Drummond/Gijon at $10.40 pmt. From Canada, Rio Tinto chartered *Delos* (175,157-dwt, 2012) for Seven Islands/China at $26.00 pmt. On period, *SM Gladstone* (179,255-dwt, 2010) was fixed delivery China for 10/12 months trading at around $24,000.

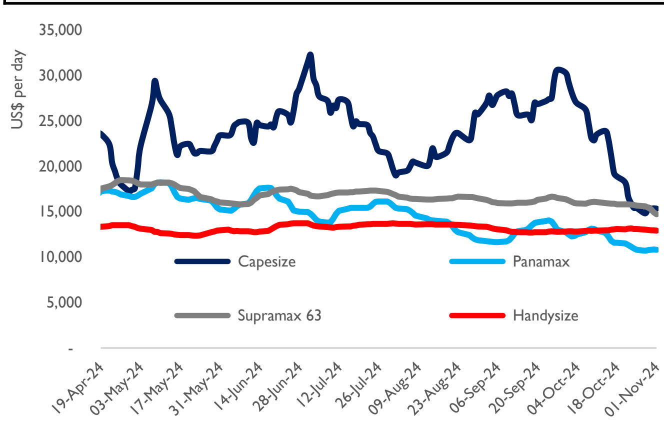
Likewise, **Panamax** markets also seemingly plateaued with rates remaining fairly balanced throughout the week. There were some reports of better than last done in Asia, NoPac-Far East for example, otherwise activity was said to be generally muted in both basins. By Friday, timecharter averages ended up at $10,789, another small fall of $24. In the Pacific, *Marilita* (81,834-dwt, 2019) fixed delivery Qinhuangdao for a NoPac round trip at $12,700, *YM Compass* (81,127-dwt, 2023) was covered delivery Lianyungang for a trip via East Coast Australia to Japan at $13,250, and NS United chartered *CK Angie* (81,147-dwt, 2011) delivery Zhoushan for a trip via North China to Japan at $10,250. In the Indian Ocean, Seapol fixed *Star Emily* (76,417-dwt, 2004) delivery Tuticorin for a trip via Richards Bay redelivery India at $11,500. In the Atlantic, LTE took *YM Navigator* (81,955-dwt, 2014) delivery APS Trombetas for a trip to Aughinish at $20,000, while Al Ghurair fixed *Yasa Team* (75,621-dwt, 2006) delivery APS East Coast South America for a trip via the Arabian Gulf redelivery PMO at $14,000 plus $400,000 bb. Additionally, SAIL covered 80,000 mtons 10% coal Gladstone/Visakhapatnam for loading 21/30 November at $15.95 pmt.

Market fundamentals softened across all basins this week in the **Supramax** sector. The BSI closed at $14,704 down $1,098 from last week's report. In the Atlantic, activity slowed down on the Continent, *Trinity* (56,721-dwt 2010) open Gijon fixed at $15,000 via the Continent for a scrap trip to East Mediterranean. *Genco Pyrenees* (58,018-dwt, 2010) fixed on subs for a trip via Iskenderun to St. Nicolas (Greece) with bauxite at $11,500 to Weco Bulk. The US Gulf was observed to lose its ground after a balanced few weeks, *Thor Maximus* (55,695-dwt, 2005) delivery Port Arthur prompt fixed for a trip redelivery Turkey with petcoke at $19,750 by Bunge. *Golden Trader* (63,677-dwt, 2021) delivery US East Coast fixed for a trip redelivery Poland with coal at $21,000 by SwissMarine. A fronthaul trip, *Bao Lucky* (63,367-dwt, 2014) delivery Mississippi River prompt was fixed by Reachy for a trip, redelivery China at $22,500. Further South, *Aquaprosper* (61,208-dwt, 2015) fixed delivery Lagos via Abidjan to China at $19,000 with AENav. With Deepavali approaching, the Indian Ocean shipping market experienced a decline in fresh spot inquiries. This led to a decrease in hire rates, with West Coast India to Pacific fronthaul routes falling below the $10,000 threshold for the first timerecently. The Pacific Ocean also remained subdued, lacking any significant factors to stimulate the spot market. *Cariboo* (55,408-dwt, 2011) fixed delivery CJK around 30/31 Oct for a trip redelivery Indonesia at $11,500. There was lack of prompt fresh prompt Indonesian coal in Southeast Asia, *Amis Wisdom VI* (61,456-dwt, 2011) delivery Makassar fixed for a trip via Indonesia redelivery South China with coal at $17,500 by Tongli, *Oriole* (57,809-dwt, 2011) delivery Shanwei prompt fixed for a trip via Indonesia redelivery Thailand with coal at $10,750 by Chinaland. In the Indian Ocean, the west India region was still soft with too much tonnage in the area, *Union Explorer* (57,700-dwt, 2011) delivery Dibba prompt was fixed for a trip redelivery Chittagong with limestone at $12,000, *Mandarin Phoenix* (56,891-dwt, 2010) delivery Mudwarka fixed for a trip redelivery China with salt at $9,000. Down in the south, *SSI Triumph* (61,236-dwt, 2014) delivery Durban fixed a trip redelivery China with minerals at $18,000 plus $180,000 bb by Norden.

A quiet week in the **Handysize** sector, the BHSI closed today at $12,926 down $172 since our last report on the 25th of last month. Both Mediterranean and the Continent markets maintained their current positions, with rates exchanged at levels similar to those seen recently. Despite this stability, there were indications that the market was beginning to soften. Norden covered their Continent grains run to West Mediterranean on *Regius* (33,395-dwt, 2016) open Teesport passing Skaw via Rostock to Algeria at $12,000. Nova Marine covered their intra-continent grains trip with *La Louise* (37,207-dwt, 2012) delivery Holland via Baltic to Ireland at $8,900. A 37,000-dwt, open Casablanca fixed via Algeria basis redelivery Caribbean at $12,500, while a 35,000-dwt fixed for a trip via East Mediterranean to US Gulf with bulk cement at close to $12,200. Additionally, a 34,000-dwt fixed delivery Mediterranean for trip redelivery West Africa with clinker at $14,000. The US Gulf remained firm, *UBC Houston* (38,762-dwt, 2015) open Mobile, fixed a petcoke intra-gulf trip at $16,500, while *Arklow Spray* (34,919-dwt, 2014) open Progreso fixed on subs basis delivery South West-Pass to West Mediterranean with grains in the mid-low teens to Bunge. In South America, *Adventurer* (32,417-dwt, 2011) open Fortaleza fixed delivery arrival pilot station Rio Grande, redelivery US Gulf with pig iron at $14,000. *Jumierah Beach* (32,353-dwt, 2014) fixed delivery Barcarena for a trip to Tunisia at $16,000. *Orcun C* (31,989-dwt, 2012) open Port Harcourt fixed delivery Santos for a trip redelivery Casablanca with sugar at $15,000. It was reported, a 38,000-dwt fixed via West Africa to Far East with minerals at $16,000. In the Indian Ocean, *Indonesian Bulker* (37,725-dwt, 2017) open Fujairah fixed delivery Mina Saqr for a trip basis redelivery Bahrain with Limestone at $10,100 to Polestar. *Yasa Jasmine* (40,238-dwt, 2023) open Iraq, fixed delivery Mesaieed for a trip redelivery East Coast India with urea at $14000 to Allianz Bulk. The Pacific remains challenging, with a rising open tonnage list and a lack of cargo availability, leading to further downward pressure on rates. In the Far East, a 40,000-dwt vessel open China was heard fixed to Malaysia at mid $13,000 levels. A 33,000-dwt vessel open China was heard fixed to USA at around $12,000 levels while another 33,000-dwt vessel open China was heard fixed to Continent at around $13,000. Cobelfret fixed *Acuity* (37,149-dwt 2011) basis delivery Cebu for a trip redelivery Pakistan at $11,000. In South East Asia, a 29,000-dwt vessel was heard fixed from Singapore to Onsan at around $10,000 while a 34,000-dwt vessel passing Singapore was heard fixed at $12,000 for an Australia/Arabian Gulf trip.

Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate ($)	Charterers	Comment
Marilita	81,834	2019	Qinhuangdao	30 Oct	Singapore-Japan	$12,700	Cnr	Via NoPac
ASL Moon	81,702	2008	Ulsan	1 Nov	Singapore-Japan	$11,250	Cnr	Via NoPac
Alpha Loyalty	75,949	2007	Hong Kong	5/6 Nov	South China	$11,000	Cnr	Via Indonesia
Yasa Team	75,621	2006	EC South America	8/13 Nov	Passing Muscat Outbound	$14,000	Al Ghurair	Via Arabian Gulf $400,000 ballast bonus
Kamares	74,444	2004	Singapore	30 Oct	China	$11,000	Cnr	Via Indonesia
Golden Trader	63,677	2021	US East Coast	Ppt	Poland	$21,000	SwissMarine	-
Amis Wisdom VI	61,456	2011	Makassar	1/3 Nov	South China	$17,500	Tongli	Via Indonesia
Oriole	57,809	2011	Shanwei	Ppt	Thailand	$10,750	Chinaland	Via Indonesia
Julietta D	37,202	2013	Up River	Ppt	Greece	$17,000	Cnr	-
Irida GS	32,836	2013	Santos	1/4 Nov	Morocco	$16,000	Cargill	-



Exchange Rates	This week	Last week
1 USD	152.38 JPY	152.04 JPY
1 USD	0.9198 EUR	0.9235 EUR

Brent Oil Price	This week	Last Week
US$/barrel	74.26	75.50

Bunker Prices (US$/tonne)	This week	Last week
Singapore HSFO	492.5	499.0
VLSFO	600.0	598.5
Rotterdam HSFO	506.5	521.5
VLSFO	529.5	544.5

Dry Bulk S&P

The dry market is currently exhibiting mixed sentiment, with some segments seeing stable sales prices, while other segments see vessels selling for below recent levels.

In the Newcastlemax sector, Golden Union has reportedly sold *Crassier (206,254 dwt, 2007 Imabari)* to Chinese buyers at ~$28.5m. Demand for Capesize and Newcastlemax of this vintage remains strong among Chinese buyers with pricing holding firm despite the recent lacklustre performance of the freight market.

Pan Ocean has reportedly sold *Pan Energen (81,170 dwt, 2012 New Times)* for $16m. This transaction aligns with the recent sale of a comparable vessel, *Nova Optimus (81,805 dwt, 2012 Jiangsu Eastern)*, which was sold two weeks ago for the same price.

The only modern vessel sold this week is *Erin Manx (63,878 dwt, 2020* Tsuneishi Zhoushan), acquired by White Sea Navigation SA for $32.5m. It is worth noting the last 2020 built sold was *Jal Kamal* (63,319 dwt, 2020 Imabari) in July for a reported $37.5m illustrating the extent values have softened from the peak.

In the Supramax sector, Korean owners K-Line have offloaded four of their 2010 Dolphin 57s, built at STX Dalian, for a total of $12m per vessel. The most recent comparable sale was *Lascombes & Gruaud Larose (57,000 dwt, 2011 Qingshan)*, which sold en bloc for $12.8m per ship last week.

Additionally, in the Supramax market, *Medi Bangkok (53,466 dwt, 2006 Imabari)* has been sold for $11.8m. The price is largely in line with the recent sale of *NPS Mosa (53,000 dwt, 2007 Iwagi)*, which went for $12.8m at the beginning of October.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
Crassier	206,254	2007	Imabari	-	Chinese	$28.5m	
Pan Energen	81,170	2012	New Times	-	-	$16.0m	
Erin Manx	63,878	2020	Tsuneishi Zhoushan	C 4 x 36T	White Sea Navigation, Greece	$32.5m	
Global Genesis	57,696	2010	STX Dalian	C 4 x 30T	-	$12.0m per ship	
Global Brave	57,317						
Global Frontier	57,298						
Global Hope	57,295						
Medi Bangkok	53,466	2006	Imabari	C 4 x 31T	-	$11.8m	

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Tanker Commentary

In the VLCC sector, offers were invited for *Taiga* (311,141-dwt, 2007 Mitsui), there is rumoured interest from Greek and Chinese buyers at prices in excess of $41-42m. The last similar vessel to have sold was *Gesi* (305,749-dwt, 2007 Daewoo, DD 08/25) which changed hands earlier this month for $43.5m.

In the smaller tanker segment, the sale of *Golden Oak* (13,168-dwt, 2008, Jinse Shipbuilding - Epoxy, DD in 07/26 for $10.5m reflects continued demand for chemical tankers although values appear to have come off when compared to the sale of *Riva* (13,078-dwt, 2008, Sekwang, DD 05/26) last month for $11.1m.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
Golden Oak	13,168	2008	Jinse Shipbuiling	-	$10.5 m	Epoxy Phenolic

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