17 January 2025

HARTLAND SHIPPING SERVICES

WEEKLY COMMENTARY

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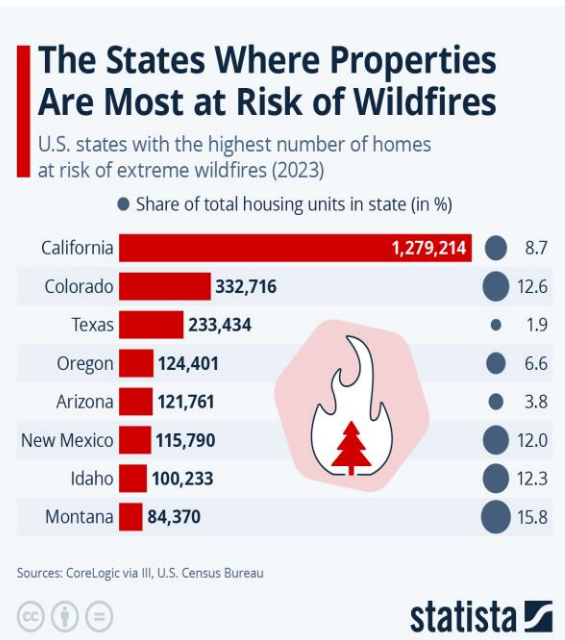
… Try Florida, but beware Hurricanes & Alligators …



Source : Statista

*These include 5 VLCCs, 23 suezmax tankers, 82 aframax tankers and LR2s, 11 LR1s and 26 MRs. Under the new sanctions, it is estimated that 30-50% of the shadow fleet will be affected, materially impacting Russian oil exports. (TW).

Privately owned 'teapot' refineries in Shandong province imported c. 1.74m-bpd of oil into Qingdao, Rizhao and Yantai from Iran, Russia and Venezuela last year, accounting for about 17% of China's total oil imports. (Reuters/Kpler).

**There is the possibility that Trump will remove sanctions against Russia's oil industry and exports to ease pressure on his 'friend' Vladimir Putin, such is his unpredictability. It may even be part of a package to end the war in Ukraine.

The Paris-based OECD's IEA has forecast non-Opec supply growth of 1.5m-bpd in 2025 led by the US, Brazil, Canada, Guyana and Argentina all being Atlantic-based producers, hinting at ton-mile growth in 2025.

^A 42-day stage one ceasefire, swapping 33 hostages for hundreds of Palestinian prisoners and a partial Israeli withdrawal from Gaza. Stage two and three will prove more challenging.

POINTS OF VIEW

President-elect Trump had promised to end the Ukraine war in a day; now he has decided he needs up to six months. President Biden left it to his last days in office to tighten enforcement of sanctions against the Russian oil industry and its oil exports. The Treasury targeted energy giants Gazprom Neft and Surgutneftegaz and the fleets of Sovcomflot and Rosneftflot, including 183 named dark fleet ships. It takes the number of US-sanctioned tankers to over 400, nearly 10% of the total tanker fleet. This comes on top of China's Shandong Port Group banning US-sanctioned tankers from discharging in the province and a similar move by India to ban such tankers from its ports that loaded after Jan 10.* These concessions highlight weak sanctions enforcement by the IMO, Intertanko and Biden, obsessed with keeping petrol pump prices down. Now he cares less as any price rises will happen on Trump's watch. The moves can also be attributed to Trump and the X factor effect, wishing to avoid potential backlash. Should Trump continue and expand sanctions against the above entities, aiming to choke off oil shipments from Russia, Iran and Venezuela, then we may see more shadow tankers going to the breakers and more of the compliant fleet picking up replacement cargoes from friendly sources in the Middle East, Africa and the Americas.** It is estimated that non-Opec production will grow by about 1.5m-bpd in 2025, all Atlantic-based, and this can help to replace sanctioned supply leaving any residual needs to be covered by Opec spare capacity. The surge in the oil price and tanker rates is an initial reaction to the expectation of tighter sanctions policy.

Analysts estimate that replacing most of Iran's oil exports will increase tanker utilisation by 2.5-3.0%, and that oil demand will grow 1.05m to 104m-bpd in 2025 (IEA), mostly sourced from the Atlantic, raising utilisation by another 3%. A combination of voluntary moves by China and India to ban US-sanctioned tankers carrying Russian oil, and a likely return to Trump's 'maximum pressure' against Iran, prima facie looks positive for tankers. However, we need to factor in the inefficient deployment of the dark fleet, with detours and ship-to-ship transfers, so it will not be one compliant tanker in for every non-compliant tanker out. Lloyds List points out that 200 Russia-trading tankers have been sanctioned by western regulators in the past three weeks, with sanctioned tonnage lifting 56% of Russian crude in December. Oil producers are expected to recalibrate seaborne logistics and consolidate cargoes onto larger tankers that can call at ports in China and India, the biggest buyers. This will favour VLCCs, something that is already being reflected in higher spot and futures freight rates and a surge in the downtrodden share prices of leading tanker companies. The actions of the US Treasury come on top of the US Defense Department blacklisting shipping companies Cosco and Sinotrans, shipbuilder CSSC, and ship trader CSTC, alleging links to and doing work for the Chinese military. What they do all have in common is that they are state-owned.

Russia's seaborne oil exports have hovered at around 4m-bpd since the February 2022 invasion, with crude oil making up about 3.5m-bpd, of which India takes about 60% with much of the balance going to China. According to Vortexa, the 183 newly named tankers carried about 1.5m-bpd of crude and 0.2m-bpd of products last year, around 1.7% of global oil demand, mostly to refineries in India and China. Turning to Iran, its oil output is forecast by Goldman Sachs to decline by 0.3m-bpd by Q2 to 3.25m-bpd. It calculates that 20mb is in Iranian floating storage, a 12-month high, which historically has been a precursor to an imminent decline in oil exports. Iran's oil exports stand at close to 2m-bpd with almost all of it going to China. The dark fleet is itself a response to G7/EU sanctions that have raised oil pollution risks in European waters, an awkward paradox. On a related issue, it is speculated that the rationale for President Biden's broadest sanctions package to date is to give Kyiv and the incoming Trump administration leverage to reach a peace deal in Ukraine. It follows this week's news of a ceasefire in Gaza after 15 months of fighting. We have been here before, but the mood this time is more positive.^ The ceasefire is based on the same terms that Blinken tabled back in May, but it took Trump's and Mideast Envoy Witkoff's threats to make it happen. Biden paradoxically continued to supply weapons to Israel while calling for a truce, while an embargo might have ended hostilities earlier. The Red Sea will remain risky; Russian sanctions will stay sticky. Tanker rates will be shaped by a take-your-pick bunch of scenarios and outcomes.

WEEKLY COMMENTARY

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Dry Cargo Chartering

Capesize markets started the week on a largely positive note, flattened midweek, before faltering Thursday and Friday. Reduced activity was reported in the Pacific and similar muted conditions were seen in the Atlantic. Timecharter averages closed at $11,555, a decline of $455. Ex. Dampier, Rio Tinto paid $6.45 pmt to $6.60 pmt for late January dates, while Glovis also covered Dampier/Qingdao at $6.50 pmt with *Amigo II* (179,016, America, Vale took *Eurydice D* (174,788, 2009) and *Captain Petros H* (174,667, 2010) for Tubarao/China at $18.50 pmt apiece. Oldendorff fixed *Cape Odyssey* (207,918, 2010) for South Brazil and West Africa/China at $17.80 pmt, together with *Besiktas Kazakhstan* (169,291, 2010) for 150-160,000 mtons Bolivar/Iskenderun at $11.20 pmt for loading mid-February. Elsewhere, Rio Tinto chartered *Seattle Slew* (181,447 2010) for 140,000 mtons 10% Seven Islands/Djen-Djen at $14.20 pmt, and on timecharter the baby Cape *Anglo Saxon* (114,135-dwt, 2010) fixed delivery Zhoushan for a chrome ore round trip via South Africa at $6,000.

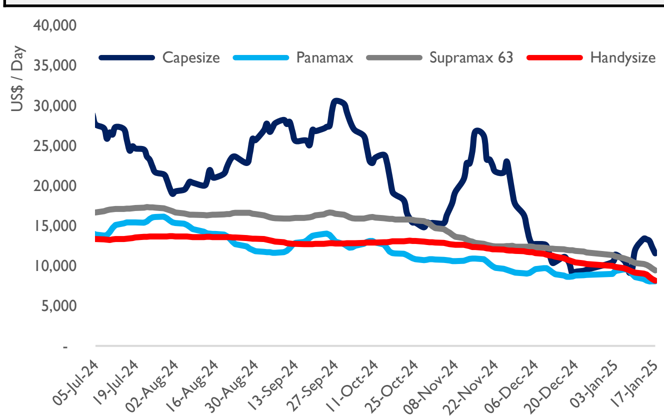
It was much the same direction of travel as last week in the **Panamax** market, where there was a steady decline in the early portion of the week before a plateau at $8,070 into the weekend, a drop of $504 in seven days. Activity stayed slightly muted in the Atlantic whereas the Asian basin remained active. In the former, Louis Dreyfus fixed *Beskidy* (82,138-dwt, 2013) for a trip from Gibraltar to Singapore-Japan (via North Coast South America) at $14,800 and Atlantic Coal & Bulk took *LMZ Francisco* (82,044-dwt, 2019) delivery passing Cape of Good Hope via East Coast South America to again Singapore-Japan at $11,000 plus $300,000 ballast bonus. Period business concluded contained the following which were of note; Oldendorff fixed their *Century Shanghai* (81,738-dwt, 2018) delivery Hong Kong for 6 to 9 months at $12,950. And finally, Uniwin finalised an index linked deal at 119% BPI for their *Xing An Hai* (82,216-dwt, 2024) delivery Donjiakou for 12 months with redelivery worldwide.

Supramax market sentiment remained poor across all basins. The US Gulf and South Atlantic had limited fresh enquiry to match growing tonnage lists. The Continent-Mediterranean struggled to provide sufficient cargo which led to more outbound ballasters. The Indian Ocean remained quiet and flat with rates hovering around their last done. Similarly, the Pacific region saw further decline with much of the Indonesian coal trade fixed on an 'arrival pilot station' basis. The BSI closed at $9,437, down by $910. In the Pacific, the market remained negative and went down further, *Nami One* (57,353-dwt, 2011) fixed delivery East Kalimantan prompt for a trip redelivery China at $5,000 with Tongli, whilst *Zhong Yang Men* (55,444-dwt, 2016) was covered delivery Weda Bay 16 January for a trip redelivery China also at $5,000 with Fullinks. It was heard *Van Infinity* (56,693-dwt, 2011) was fixed delivery Lianyungang 20-22 January for a trip redelivery Red Sea at $10,250. In the Indian Ocean, *Sarika Naree* (63,023-dwt, 2015) was taken delivery Dharma prompt for a trip via East Coast India to China carrying iron ore at $4,750 to Aequor. *Belforest* (61,252-dwt, 2015) was chartered delivery Port Elizabeth for one timecharter trip with redelivery China at $12,250 plus $125,000 ballast bonus by Oldendorff. It was rumoured *Josco Binzhou* (64,240-dwt, 2022) was covered delivery Mina Saqr prompt for a limestone trip to Bangladesh at $13,000 by Allianz Bulk. In the Atlantic, Swire fixed *Belmar* (63,641-dwt, 2021) delivery South West Pass prompt for a trip redelivery West Coast Central America with grains at $19,500, whilst *Propel Success* (58,655-dwt, 2012) delivery Houston was taken over to India on a petcoke run at $8,750 by Oceana Bulk. Down to the south, *Jade* (55,090-dwt, 2010) delivery Montevideo 19 Jun was fixed for a trip redelivery West Coast South America at $17,000 by Centurion.

It was another challenging week in the **Handysize** sector with rates softening across both basins. The BHSI closed today at $8,161 down $982 since last Friday. Early warnings signs suggest the Continent could be picking up, with a flurry of fixtures towards the end of the week at better than last done levels. However, an extensive tonnage list still remains in the area, preventing any real significant improvement in rates levels. A 40,000-dwt vessel was heard fixed at $10,000 from Newport to the East Mediterranean with scrap, smaller tonnage fixing in the mid $7,000's. *Yasa Lotus* (40,282-dwt, 2023) open Rotterdam fixed a trip to the US Gulf at $7,500 with TMA. The Mediterranean, arguably the poorest market in the Atlantic, remained stagnant with very little sign of levels picking up. *Stellar Trader* (35,946-dwt, 2013) open Iskenderun fixed a trip to the US Gulf in the $6,000's. *Zante Dawn* (34,146-dwt, 2011) Otranto fixed for one trip basis delivery Spain-Mediterranean range to Morocco at $6,000 with Lauritzen. Cobelfret fixed *Mother M* (35,856-dwt, 2012) from the East Mediterranean to Montoir for their clinker run at $4,500 basis arrival pilot station. The US Gulf remained fairly active, with plenty of fresh enquiry. *Charles* (37,193-dwt, 2011) open Port Everglades fixed delivery US Gulf trip basis redelivery East Coast Mexico at $10,500. *Napha Naree* (38,737-dwt, 2015) open Veracruz fixed delivery South-West Pass for a trip East Coast Mexico with grains at $10,500 to Pacnav. It was heard, Norden covered on subjects to the East Mediterranean on a 33k-dwt around $8-9,000 per day. Clipper covered their wood pellets on a 38,000-dwt from the East Coast to the Continent at $12,000, while Canfornav took a larger 40,000-dwt at $15,000 for their similar lifting to the Rotterdam. Further south, *Woodgate* (28,219-dwt, 2011) ballasting south fixed delivery Recalada for a trip redelivery South East Asia at $9,000 with Axle Marine. *Aspri* (33,371-dwt, 2014) open Sao Luis fixed for trip delivery North Brazil, redelivery Miss River around $9,500. A 38,000-dwt vessel open Upriver fixed for trip delivery Recalada redelivery Chile at $17,000 with Norden. The Pacific Handysize market continued with a soft sentiment throughout the week, showing no signs of recovery. There was speculations that the market may have reached its floor, with hopes for a potential pre-Chinese New Year surge in rates. However, given the significant imbalance in the fundamentals, such a rebound appears unlikely, as the Asian market continues its negative tone. In the Far East, *Erna Oldendorff* (38,330-dwt, 2016) open Tianjin spot, was heard to have fixed for a trip to South East Asia at $6,000. A 32,000-dwt open Yeosu was heard to have fixed for a trip to East Coast India with steels at $9,000. Another 32,000-dwt vessel opening in Japan was heard to have fixed for a trip to South East at mid $7,000's. In South East Asia, *Nedim* (38,675-dwt, 2013) open Singapore spot was heard fixed for a trip via West Australia to redelivery Singapore-Japan range at $8,000 with Cargill. A 28,000-dwt open Indonesia was heard to have fix & failed at mid $7,000's for a trip to East Coast India. A 28,000-dwt open Indonesia was heard to have fixed for a trip to Philippines at low $5,000's levels.

Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate ($)	Charterers	Comment
Copernicus N	93.062	2010	Go Gia	15/16 Jan	Singapore-Japan	$2,000	Cnr	Via Indonesia
Darya Rashmi	82,210	2023	Donghae	23/28 Jan	Singapore-Japan	$9,250	Viterra	Via NoPac
Shen Hua 811	76,150	2013	Hong Kong	Ppt	South China	$2,500	Cnr	Via Indonesia
Xing Hong	75,619	2011	North Coast South America	5/15 Feb	Singapore-Japan	$12,950	Louis Dreyfus	$295,000 ballast bonus
Johnny Cash	75,149	2007	East Coast South America	8/10 Feb	Singapore-Japan	$12,650	Cofco Agri	$240,000 ballast bonus
Belmar	63,641	2021	South West Pass	Ppt	West Coast Central America	$19,500	Swire	-
Nami One	57,353	2011	East Kalimantan	Ppt	China	$5,000	Tongli	-
Zhong Yang Men	55,444	2016	Weda Bay	16 Jan	China	$5,000	Fullinks	-
ST Columbia	37,347	2016	Tianjin	Ppt	SE Asia	$6,000	Cnr	-
Four Butterfly	34,423	2011	Atlantic Colombia	Ppt	Continent	$10,000	Cnr	-



Exchange Rates		This week	Last week
	1 USD	155.82 JPY	157.54 JPY
	1 USD	0.9727 EUR	0.9755 EUR
Brent Oil Price		**This week**	**Last week**
	US$/barrel	80.90	78.94

Bunker Prices (US$/tonne)		This week	Last week
	Singapore HSFO	525.0	490.5
	VLSFO	616.5	593.5
	Rotterdam HSFO	501.5	471.5
	VLSFO	567.5	549.5

Dry Bulk S&P

'Dry' and the month of January have become almost synonymous in recent years, particularly in the UK where the excesses of December make way to abstinence in January. This week it offers a fitting description for the S&P market given the short sales tables.

Bids and offers are still being made and negotiations taking place, however the spread in many instances is widening between buyers and sellers ideas. Buyers seek discounts supported by a weak freight markets and sellers are benchmarking against December sales or waiting to see if earnings pick up after the Chinese New Year holidays.

Non-eco Panamaxes and Kamsarmaxes are under pressure given the soft earnings. We have one sale, *K Faith* (75,845-dwt, 2002 Sanoyas) to report, for $6.3m to Chinese buyers. This seems a slight step down on last week's sale of *Alpha Melody* (74,475-dwt, 2002 Daewoo) at $6.6m given Japanese bulkers usually achieve premiums over Korean. However, as values drop the light displacement tonnage (LDT) of the ships over 20 years old gets given more attention and *Alpha Melody* is 2,200 higher, i.e over $1m more at today's demolition levels.

The Supramax market has seen the most activity this week with several sales. The Greek owned *ND Pistis* (57,814-dwt, 2015 Tsuneishi Fukuyama) is reportedly tied up or negotiating around $22.8m however there are conflicting rumours on this ship. If sold, this would be the first eco Tess 58 sold since Belships' sales in May 2024 where they achieved $28.3m per vessel on two 2016 Tess Cebu 58s. Allowing for the ship now being another year older this still represents a step down. Other Greek Supra owners have been linked to selling too with *Lorentzos* (53,688-dwt, 2005 New Century) reportedly achieving $9m to Chinese buyers with her DD due in a few months.

Chinese buyers appear the most active on the older ships and are linked to the sole Cape purchase this week, *Salt Lake City* (171,810-dwt, 2005 Daewoo) which has reportedly gone at $16.2m to another Chinese buyer.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
Salt Lake City	171,810	2005	Daewoo	-	Chinese	$16.2m	
K Faith	75,845	2002	Sanoyas	-	Chinese	$6.3m	
Jag Rishi	56,718	2011	COSCO Zhoushan	C 4 x 30T	Chinese	$11.9m	
Lorentzos	53,688	2005	New Century	C 4 x 40T		$9.0m	DD due
One Shine	46,644	2000	Mitsui	C 4 x 30T		$5.3m	

Tanker Commentary

Although details about the sale are sparse, it has been reported that *Rolin* (308.829-dwt, 2005 Samsung, scrubber) has changed hands for $31m. This is seemingly a significant discount when compared to *Maran Aries* (320,871-dwt, 2006 Daewoo, scrubber) which changed hands in November for $46m. One the one hand, this might come as a surprise given that spot rates have surged this week on major VLCC routes. For example, the Middle East - Far East spot rate has risen to ~$57k/day from $27k/day at the end of last week. That said, this deal may well have been tied up before the recent news of increased US sanctions on Russian and Iranian oil trades, which have been behind the surge in freight rates.

In the Aframax sector, *Amax Anthem* (115,086, 2011 Samsung) and Amax Avenue (115,785, 2011 Samsung) are rumoured to be working closely at region $79m enbloc. If concluded at these levels it would represent a discount against the year younger *Nissos Delos* (115,691-dwt, 2012 Samsung) which sold to a JV between Bangladeshi buyers and Exxon Mobil last week for $45m.

Finally Korean owners Woolim have sold their *Woolim 3* (11,460-dwt, 2018 STX) for $24m. This is in line with the last done sister vessel *Sambong Hera* (11,416-dwt, 2018 STX) which sold for $23.8m in August last year.

More generally, it will be interesting to follow how this week's revival in tanker rates translates into asset values in the coming weeks. Over the past three months values have been plummeting, on the back of a very disappointing Q4 freight market. If the recent rise in rates is sustained, one may expect the fall in values to stop quite suddenly.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
Rolin	308,829	2005	Samsung	Chinese	$31.0m	Scrubber fitted
Woolim 3	11,460	2018	STX		$24.0m	

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