24 January 2025

HARTLAND
SHIPPING SERVICES

WEEKLY COMMENTARY

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… A major setback, with implications for Shipping …

Source : Statista

+Trump addressed Davos yesterday. He told US trade partners to manufacture in the US or face tariffs, Opec to drop oil prices to tackle inflation and weaken Russia, central banks to cut rates and the EU to buy more US oil and LNG.

*The US president had put Nato on notice to raise defence spending to 3% of GDP from the previous 2%. More recently he suggested a target of 5% which would be unattainable but might encourage members to work towards 3%.

**The French abandoned construction in 1889 and 1904 when the US took over, completing it 1913. Nearly 26,000 lives were lost, c. 20,000 in the French phase. It cost $375mn while the 2016 canal expansion project cost $5.25bn.

^The US pays in $500mn a year with a population of 346mn while China pays in c. $40mn with 1.42bn people. US withdrawal will diminish WTO operations but increase US vulnerability to worldwide pandemics. It also opens a door to China.

^^On Wednesday, Trump also threatened Russia "and other participating countries" with "high levels of taxes, tariffs and sanctions…". It is not clear that there is much bilateral trade between the US and Russia given sanctions.

POINTS OF VIEW

The big events of the last week have been the Gaza ceasefire, Trump's inauguration and the World Economic Forum in Davos. The timing of the first, just ahead of the second, allowed Trump to claim credit for it. In fact, the ceasefire had more to do with how the IDF has pummelled Hamas, Hezbollah and Iran into submission leading to the fall of Assad in Syria and a much weaker Russian presence in the region. Without much choice, the Houthis in Yemen have announced that they will cease attacking commercial shipping in the Red Sea so long as Israel sticks to the truce. Tanker equities had rallied strongly on the US declaration of much tougher sanctions against Moscow and its dark fleet and the decision by China and India to ban US-sanctioned tankers from their ports in fear of US retaliation. This week, shipping equities have gone right back down again as the markets – in their customary binary fashion – have determined that the Red Sea will soon be safe again and thus ton-miles will be wiped off many trades. However, there is still a lot that can go wrong, especially if, and when, we get to stage two. It makes the Houthi stand-down as fragile as the ceasefire itself. Meanwhile, finally the WEF may be latching on that it is out of touch and elitist: a global and multilateral collection of liberal and progressive thinkers. The world is decisively shifting towards embracing Trump's far-right radical ideology, suggesting that the WEF needs a thorough makeover if it is to be relevant.

There is a lot for shipping to think about in Trump's latest executive orders and in his plans to raise tariffs of 10% against China from Feb 1, 25% against Canada and Mexico and an as-yet unknown levy against the EU. This will generate a backlash in what promises to be unnecessary trade conflict that risks raising consumer prices and underpinning inflation. Tariffs will have immediate implications for consumer goods and container and vehicle trades while eventually impacting raw material and energy demand. In contrast with the US, the EU is obsessed with regulation and for some time now has been targeting US tech companies such as Meta, Google and X. However, as implied by the presence of tech billionaires at his inauguration, Trump is going the other way. He is deregulating. Trump is targeting the EU (and China) as he aims to reduce its trade surplus with the US.* The US wants to be AI champion and will invest hundreds of billions of dollars as evidenced by the Stargate joint venture between the US government and Altman (OpenAI), Ellison (Oracle) and Son (SoftBank). This pro-business can-do optimism contrasts with the EU's caution and pessimism. Controversial Trump moves include his threat to take back the Panama Canal** to contain Chinese influence and to annex Greenland in the interests of national security and to exploit its natural resources. The bombast will give way to compromise: a further reduction in Panama transit fees for US flag ships and more military bases and mining licences in Greenland to pursue US high-tech ambitions.

US withdrawal from the WHO^ and Paris climate change agreement will not have gone down well in Davos. Nor will it be any at all good for world health. Shipping's commitment to new non-carbon fuels and IMO pollution reduction targets will be undermined. Opening-up US federal lands and waters, but not off Florida of course, to oil and gas drilling while denying new permits for wind projects implies a demand kicker for tankers and gas carriers as US crude oil and gas exports should rise. On a related matter, everyone is eagerly awaiting Trump's call with Putin and their plan on how to end the war in Ukraine. If Putin is unwilling to 'negotiate' then the US may increase its financial and military support to Zelensky.^^ If he is, then questions arise over how quickly sanctions against Russia's oil and gas industry may be lifted. They should stay in place; but equally they could be lifted if, for instance, part of the sale proceeds go towards reparations and rebuilding. The sale of TikTok, owned by China's ByteDance, will help set the latest tone of US-Sino relations. Trump wants to partner Musk or Ellison in buying it, but the Chinese surely have their own ideas. MAGA and America First make it clear where Trump's priorities lie, and they will pave the way for many bilateral negotiations in which the US's initial position will always be extreme. Other countries and blocs might decide that they had best adopt their own equivalent me-first positions on world trade and international relations. One thing is clear: that nothing is clear. 2025 is already looking like a rollercoaster ride with shipping and equity markets set to be buffeted back and forth.

WEEKLY COMMENTARY

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HARTLAND SHIPPING SERVICES

Dry Cargo Chartering

The **Capesize** market experienced a further decline this week, with average rates continuing to decrease. Sentiment in the East remained subdued due to upcoming holidays, while fresh inquiries from the Atlantic faced a growing number of Pacific ballasters. Timecharter averages closed at $8,156, the lowest since March 2023 and a fall of $3,399 from last Friday. From Australia, Rio Tinto covered five Dampier/Qingdao runs paying $6.30 pmt to $5.95 pmt for mid-February. Libra fixed 150,000 mtons 10% coal Samarinda/Mundra at just $3.90 pmt. From RSA, Anglo chartered *Mineral Subic* (179,397-dwt, 2011) for 170,000 mtons 10% Saldanha Bay/China at $12.50 pmt. From South America, Norden fixed *Cape Phoenix* (181,356-dwt, 2011) for Tubarao/Qingdao at $17.75 pmt, Polaris covered the same route with *Star Lady* (171,877 2005) at $17.60 pmt, and Oldendorff took *Ou May* (180,000-dwt, 2017) for 165,000 mtons 10% Acu/Bahrain at $13.80 pmt. Elsewhere, Vale chartered *Maran Sailor* (171,681-dwt, 2006) Ponta Da Madeira/Taranto at $8.75 pmt, and TKSE covered Seven Islands/Rotterdam with a Costamare TBN at $8.50 pmt for mid-late February dates.

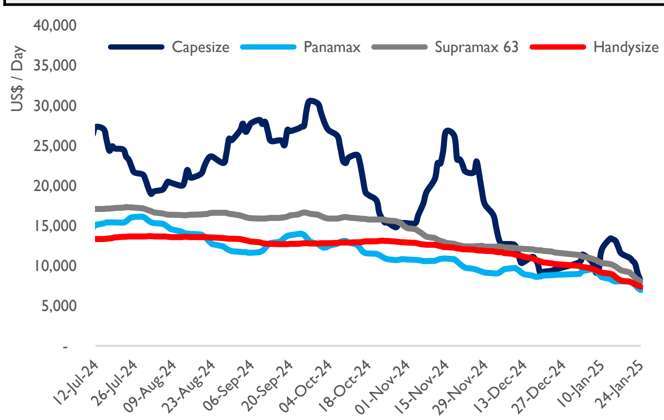
Steep and steady decline was seen in the **Panamax** market over the last 7 days. Transatlantic and fronthaul routes faced limited fresh enquiry leading to a build up of tonnage and exerting further downward pressure on rates. After last week's plateau, timecharter averages dropped day on day, closing at $6,969, a slide of $1,101 in the week. In the Atlantic from Morocco, Oldendorff fixed *Corona* (83,688-dwt, 2009) for a trip Safi/Rotterdam via the US Gulf at $8,250. Bunge have covered *Panstellar* (76,602-dwt, 2003) for at pilot station North Coast South America/Skaw-Gibraltar 28 January for $14,000. Furthermore on voyage, *W-Smash* (82,742-dwt, 2013) fixed 63,000 mtons 10% Santos/China at $30.00pmt. Out of the Indian Ocean, *Ever Radiance* (81,951-dwt, 2022) was fixed by Cofco Agri for a trip to Singapore-Japan from Oman, via East Coast South America at the end of this month for $10,500. Finally in the Far East, Ultrabulk covered their *ETG Hayate* (81,957-dwt, 2022) for delivery Thailand at the end January/start February for 1 year with redelivery worldwide at $13,750.

Poor **Supramax** sentiment persisted in the Atlantic region this week with no signs of recovery just yet. Although many fixtures surfaced, rates were disappointing and similarly little excitement was seen in the Indian Ocean. With the Lunar New Year approaching, rates in the Pacific continued to slither downwards while many prompt vessels rushed to find cover. Despite this, some Charterers with mid-February cargoes onwards were indicating slightly better rates, although any improvement was still minimal at this stage. The BSI closed at $8,078, down from last week's close of $9,437. In the Pacific, slightly more NoPac voyages surfaced. *Ever Success* (58,086-dwt, 2011) was fixed delivery Mizushima prompt for a trip via NoPac redelivery South East Asia with grains at $6,000. Indonesian coal shipments were concluded at increasingly lower rates. *Swan River* (56,025-dwt, 2005) was covered delivery Binh Thuan prompt for a trip via Indonesia redelivery China at $3,000 to Tongli, and *Minxin* (56,052-dwt, 2005) was chartered delivery Sumatra prompt for a trip redelivery China at $5,000. The Indian Ocean remained soft. *Iliana* (58,018-dwt, 2012) was fixed by Ultrabulk delivery Richards Bay prompt for a trip to the Continent at $6,500. Elsewhere in India, *Maple Harbour* (55,832-dwt, 2011) was covered delivery Kandla prompt for a trip redelivery Bangladesh at $8,500, and *Eastern Daphne* (56,810-dwt, 2013) fixed delivery East Coast India prompt for a trip redelivery China at only $2,000 to Norvic. In the Atlantic, *African Finfoot* (61,219-dwt, 2016) was taken by Oldendorff delivery US Gulf prompt for a front haul trip to China with petcoke at $16,000. Further south, *SSI Glorious* (56,733-dwt, 2012) was heard to be fixed on subjects delivery Recalada 2/5 February for a front haul trip at $11,000 plus $10,000 ballast bonus, whilst *Serena* (57,274-dwt, 2010) open Paranagua 26 January was fixed for a trip to South East Asia-Chittagong range with agricultural products at $12,250 plus $220,000 ballast bonus with charterers Mainline.

Another slow and sluggish few days in the **Handysize** sector within the Atlantic. BHSI closed today at $7,406 down $755 since last Friday. Limited fresh cargo entered the market this week, this, coupled with high operator demand and an extensive tonnage count kept rates suppressed. A 33,000-dwt was heard fixed in the high-$4,000's for a trip from the East Mediterranean to the US Gulf with clean cargo. Intra-Mediterranean trips rates were recorded at around the $5,000 mark. Tender for fronthaul business from the West Mediterranean saw owners ideas at around $8,000 on a Kanda type. It was reported *Mallika Naree* (30,195-dwt, 2008) open Castellon spot fixed a trip delivery Safi redelivery Dakar-Abidjan range with gypsum at $5,000 to Norden, and a 34,000-dwt open Mersin fixed delivery at pilot station East Mediterranean to US Gulf with bulk cement at $7,500. Further south, *Global Fortune* (33,755-dwt, 2011) open Dakar fixed delivery East Coast South America redelivery West Africa at $13,500. Across the pond, the US Gulf softened as the index dropped $800 from last week, with a building tonnage list. In Brazil and on the North Coast of South America the market softened. *Catherine* (40,544-dwt, 2024) open Belem fixed dropping outward pilot for a trip to Norway with alumina at $11,500 to Norden. Ultrabulk took *Eco Wildfire* (33,296-dwt, 2013) open Vila do Conde delivery Itaqui for a trip redelivery Continent at $7,500. Further south, *Brave Swallow* (40,505-dwt, 2024) fixed delivery Recalada for a trip redelivery West Coast South America at close to $16,000 with Oldendorff, and *Team Focus* (31,858-dwt, 2011) fixed delivery Recalada for a trip to Mozambique between $12,000-$13,000 again with Norden. Negative sentiment persisted in the Pacific market, with anticipated weakening demand in the lead-up to Chinese New Year. Tonnage lists grew longer while cargo availability continued to be lacking. In the Far East, *Rabea* (39,998-dwt, 2018) open Onsan 22/25 January was heard to have fixed for a trip redelivery Chile at $8,000 for first 65 days and $12,500 thereafter. A 38,000-dwt vessel open CJK was heard to have fixed in the mid-$5,000's for a trip to South East Asia, while a 28,000-dwt vessel was covered delivery CJK at around $4,000 for a trip to Malaysia. In South East Asia, *Ken Voyager* (38,362-dwt, 2012) was heard fixed delivery Lumut prompt redelivery Australia at $4,500. A 38,000-dwt position was heard to have been fixed delivery South Australia at around $13,000 for a trip to South East Asia. Another 38,000-dwt vessel was reported fixed delivery Singapore at close to $5,000 for a trip to China via Australia.

Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate ($)	Charterers	Comment
Seneca	83,975	2013	Hadong	21/22 Jan	China	$5,250	Cnr	Via Australia
Shardana	82,397	2023	Bayuquan	Ppt	Singapore-Japan	$7,000	Cnr	Via NoPac
Tian Yi 88	76,623	2002	Indonesia	5/10 Feb	China	$6,500	Cnr	-
Panstellar	76,602	2003	North Coast South America	28 Jan	Skaw-Gibraltar	$14,000	Bunge	-
Harvest	73,691	2005	West Coast India	Ppt	China	$3,300	Adhart Shipping	-
Darya Tiana	63,491	2015	Busan	Ppt	SE Asia	$8,300	Bertling	Via NoPac
African Finfoot	61,219	2016	US Gulf	Ppt	China	$16,000	Oldendorff	-
Rome Trader	56,838	2010	Tomogashima	Ppt	Malaysia	$4,000	Drylog	-
Rabea	39,998	2018	Onsan	22/25 Jan	Chile	$8,000	Cnr	$8,000 first 65 days, $12,500 thereafter
Eco Wildfire	33,296	2013	Itaquai	Ppt	Continent	$7,500	Ultrabualk	-



Exchange Rates	This week	Last week
1 USD	156.31 JPY	155.82 JPY
1 USD	0.9545 EUR	0.9727 EUR
Brent Oil Price	**This week**	**Last week**
US$/barrel	78.23	80.90

Bunker Prices (US$/tonne)	This week	Last week
Singapore HSFO	523.5	525.0
VLSFO	599.5	616.5
Rotterdam HSFO	491.5	501.5
VLSFO	554.5	567.5

Dry Bulk S&P

Apparently it seems that this week is consistently the busiest for divorce lawyers each year. The weather is atrocious, Christmas credit card bills are arriving, and the sober realities of January only adds to the misery. Similar annual stresses appear in the freight markets. Each year the market reaches a nadir in the week before the Chinese New Year holidays as the biggest driver of dry bulk demand steps away from its desk. This week as the BDI plunges below 800, optimism in the second-hand market follows.

A market recovery is typically anticipated by mid-February. However, the crucial question remains whether this recovery will be substantial enough to halt the decline in the second-hand market or simply slow its momentum. Already there are hefty discounts across the second-hand market and they are sufficient to encourage some buyers to step in.

The sale of the week is the modern Ultramax *CMB Rubens* (63,547-dwt, 2018 Shin Kasado) which is reported sold to Bangladeshi owners Meghna for $27.6m. This is in line with the Ultramax deals reported over the last month.

Two Supramaxes built in 2010 are reported sold this week. The Dolphin57-type *Protector St Raphael* (56,873-dwt, 2010 Xiamen) is reported sold at $11m with drydock due, which again is pretty much in line with recent sales, while the Korean-built *Papayannis III* (58,429-dwt, 2010 SPP) is sold for $11.8m. We would usually have expected a larger premium for a Korean built vessel.

Meanwhile the bloodletting continues in the older Panamax sector, with the sale of the *Navios Asteriks* (76,801-dwt, 2005 Sasebo) sold for $8m.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
Navios Asteriks	76,801	2005	Sasebo	-	Vietnamese	$8.0m	SS Due
Camellia	75,321	2013	Guangzhou Huangpu	-	-	$15.9m	ME Engine
CMB Rubens	63,547	2018	Shin Kasado	C 4x31T	Meghna	$27.6m	
Papayannis III	58,429	2010	SPP	C 4x36T	Chinese	$11.8m	
Protector St Raphael	56,873	2010	Xiamen	C 4x30T	-	$11.0m	SS Due

HARTLAND SHIPPING SERVICES

Tanker Commentary

There have been a number of sales of Aframaxes in the last couple of weeks, *Crude Centurion* (112,863-dwt, 2010 New Times), *Sofia II* (105,400-dwt, 2008 Sumitomo) and *Sea Falcon* (110,295-dwt, 2007 Mitsui) have sold for $33m, $31m and $30.5m respectively, this follows from last week's sales of *Amax Anthem* (115,087-dwt, 2011 Samsung) and *Amax Avenue* (115,785-dwt, 2010 Samsung) for $39.5m enbloc. The majority of the interest for these units is coming from China.

Horizon Athena (50,242-dwt, 2008 SPP) is rumoured to have sold for $18.6m marking a significant fall in MR values. *Oriental Diamond* (50,781-dwt, 2009 SPP) and *Oriental Gold* (50,591-dwt, 2008 SPP) called for offers on 8th January and were rumoured to be tied up at $20.5m each, now less than two weeks later they have failed and buyers are being encouraged to come forward at sub $19m.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
Nordic Apollo	159,988	2003	Samsung	GMS	$22.5m	
Crude Centurion	112,863	2010	New Times	Chinese	$33.0m	
Sofia II	105,400	2008	Sumitomo	Chinese	$31.0m	
Sea Falcon	110,295	2007	Mitsui	Chinese	$30.5m	
Horizon Athena	50,242	2008	SPP	-	$18.6m	

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