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1. Sustainability

POSIDONIA 2022

An exuberant Posidonia week, as revelling maritime professionals and ship owners from the four corners of the globe came together to celebrate a firm market, at least for most segments, a promisingly tight orderbook and most of all their newly found sense of optimism and post covid travel restriction freedom, fuelled by copious amounts of booze of course. While the dazzling heights of the parties hit a new peak, one could not but notice a strange but familiar figure sitting at the dancefloor's sidelines, being ignored by all but the most sober. This is not of course the ever-impeding threat of some black swan global economic catastrophe but rather the fact that in a market in which we are all clutching at straws with regards to interpreting future demand side trends, the visibility of the orderbook is the only hard info that we can go by. This all could change if a disproportionately positive sentiment spreads among industry leaders and lenders, bringing another bout of over ordering and eventually resulting in the too often but not experienced day after market hang over.

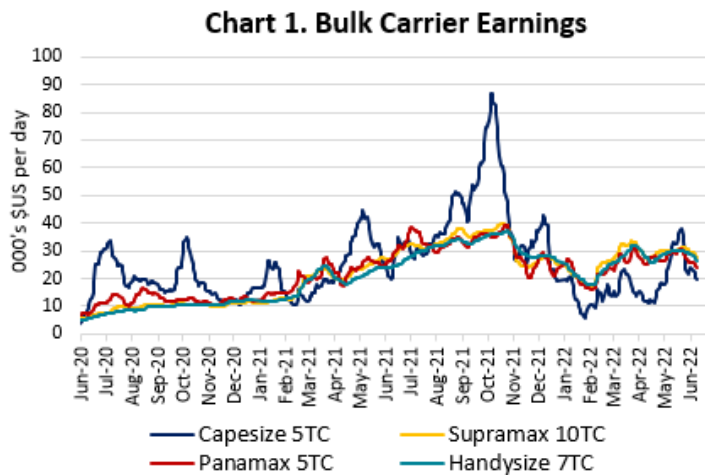
- JR shipping will install carbon capture systems on six more of its ships. The systems act as scrubbers by removing sulphur and other emissions as well as capturing carbon dioxide.
- The British-Dutch biofuel producer Argent Energy is expanding its second-generation biodiesel production capacity in the Port of Amsterdam to provide sustainable shipping transport. With the construction of two new factories, the company is targeting a fivefold increase in biodiesel production annually.
- The European Parliament voted against measures including extending the Emissions trading system (ETS) to shipping. The European Union plan to include shipping within the ETS has put a significant pressure on the IMO to toughen its regulations for shipping emissions.
- MOL joins the First Movers Coalition. FMC is an initiative established to boost the demand for decarbonisation technologies. MOL will be the first Japanese company to join the initiative. The platform aims to help governments and major global companies to cooperate to launch technologies needed to achieve net-zero emissions by 2050 and enhance cost competitiveness.
- Japanese shipping company Kawasaki Kisen Kaisha (K Line) took delivery of the new built W-Max class LNG carrier at Hudong-Zhonghua Shipbuilding in China. This dual-fuel vessel, is the first out of two LNG carriers included in the 12-year time charter with a 12-year extension option, signed back in 202.
- Hyundai Glovis intends to develop the world’s largest CO2 Carrier. The South Korean Shipowner will be cooperating with Hyundai Heavy Industries on this project. The intention is for a 74,000 cbm vessel.

2. Shipping Markets Analysis

2.1 Dry Bulk

The Baltic Dry index dropped almost 6% this week (as of 9th of June) and with holidays in both the Pacific and Atlantic since the end of last week, very little enquiry and few fresh fixtures reported. Earnings per day in all segments were down this week with Capesize, Panamax, Supramax, Handysize losing about USD 3,223 per day, USD 1,500 per day, USD 1,461 per day and USD 1,717 per day respectively. Supramax earnings are currently at USD 27,798 per day followed by handysize at USD 26,450 per day, panamax at USD 24,064 per day and last but not least capesize at USD 19,643 per. (dropping below 20,000 \$/d after a month).

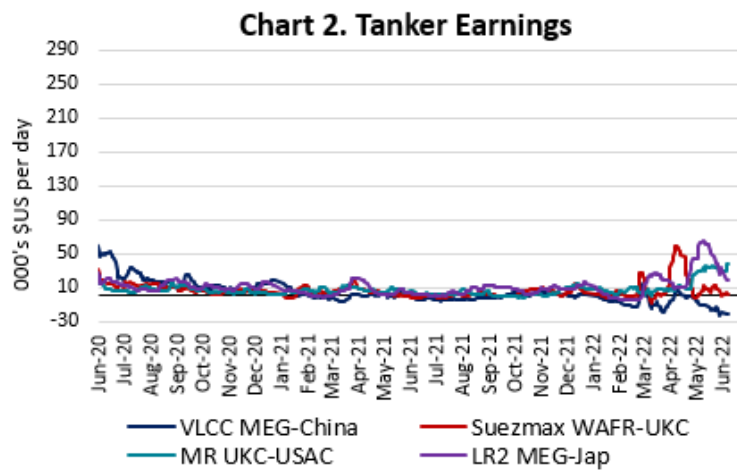
Chinese finished steel exports in May increased by almost 100 % YoY. Low domestic demand which mainly comes from reduced consumer spending and decreased output of steel intensive products (eg automobiles) lead to an increase in finished steel exports. The Main importers of Chinese steel finished products are South Korea, Vietnam and Thailand.



2.2 Tankers

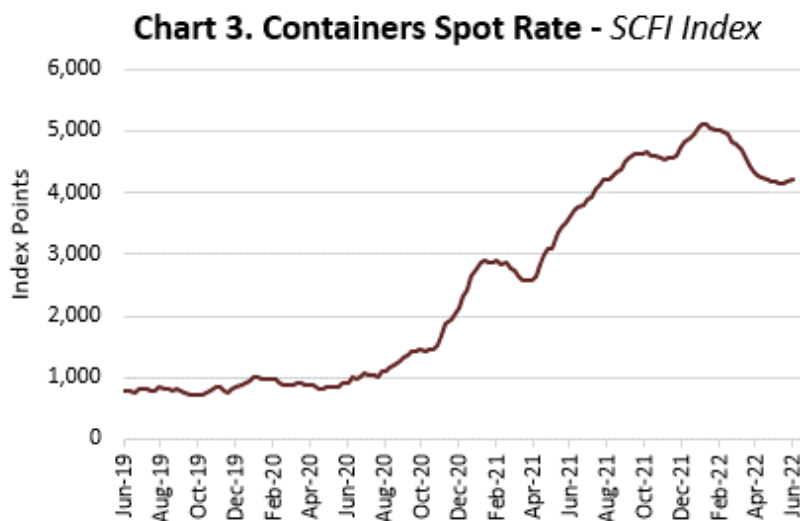
The Crude oil tanker market was relatively flat this week on the back of the Posidonia event week. Earnings for the VLCCs and Suezmaxes on the key benchmark routes are hovering around negative levels as a lengthy position list competing against a few cargoes. With Brent oil price above the 120 dollar/barrel mark (highest since March 2008) and new covid lockdown in places of Shanghai, sentiment does not look very promising for the next couple of weeks. OPEC and its allies agreed to increase production by about 650,000 barrels per day, which some analysts say is not enough to support the lost barrels from Russian and bring prices down.

MR tanker earnings continue to be at very health levels with the benchmark UKC-USAC at 38,000 \$/day. On the other hand LR's had a softer week with average earnings on the AG/Far East decreasing about 7,000 \$/day to around 19,000 \$/day.



2.3 Containers

This week's activity in the container market remains robust with earnings remaining at exceptionally high levels. A modern 2,500 TEUs container was fixed for 6-7 months at \$90,000 per day and 2002 blt with 1,618 TEUs was fixed at almost 60,000 per day for 12 months.



2.4 Key shipping Freight Indices

| Bulkers | | % w-o-w | Tankers | | % w-o-w | Containers | | % w-o-w |
|---------------|--------|---------|------------------|---------|---------|------------|----------|---------|
| BDI | 2,342 | -11.1% | VLCC MEG-China | -22,424 | -18.6% | SCFI | 4,208.01 | 0.00% |
| Capesize 5TC | 19,643 | -19.1% | Suezmax Wafr-UKC | 1,385 | -30.8% | | | |
| Kamsarmax 5TC | 24,064 | -6.2% | MR UKC-USAC | 37,541 | 30.80% | | | |
| Supramax 10TC | 27,798 | -6.5% | LR2 MEG-Jap | 18,908 | -39.8% | | | |
| Handysize 7TC | 26,450 | -6.1% | | | | | | |

3. Second-Hand Market

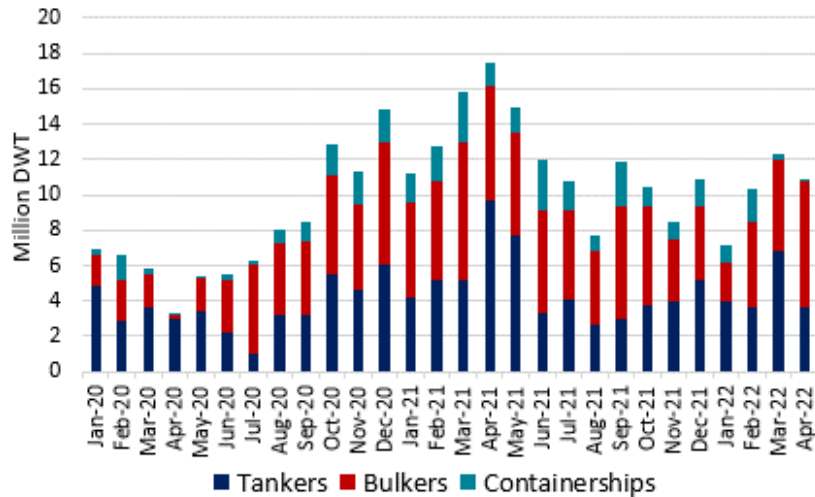
3.1 Weekly Ship Sales by Vessel Type

| Vessel Type | Sub-Sector | Name | Size | Built | Yard | Price | Buyers | Surveys | Comments |
|-------------|------------|---------------------|------------|-------|--------------------|---------------|----------------|-------------------|---|
| Tanker | VLCC | Duqm | 310k dwt | 2008 | Imabari | rgn \$39m | Middle Eastern | SS/DD 11/23 | BWTS fitted, basis dely Jul-Aug '22, uncoiled |
| Tanker | Suezmax | Marvin Star | 157k >> | 2009 | Hyundai Samho | ard mid \$26m | Greek | SS 10/24 DD 10/22 | laid up since Aug '21, court sale |
| Tanker | Aframax | Godam | 113k >> | 2006 | Samsung | \$22m | N/A | SS 05/26 DD 04/25 | BWTS fitted, Ice Class |
| Tanker | MR2 | Sabrewing | 49k >> | 2004 | Naikai | \$9.5m | N/A | SS/DD 01/24 | BWTS & Scrubber fitted, Zinc Coated |
| Tanker | MR2 | Angel No. 6 | 45k >> | 2005 | Shin Kurushima | \$9.4m | N/A | SS 06/25 DD 10/23 | BWTS fitted |
| Tanker | MR2 | Hans Scholl | 40k >> | 2004 | ShinA | \$8.1m | N/A | SS 07/24 DD 07/22 | BWTS novated to Buyers |
| Tanker | Handy | Chem Eagle | 25k >> | 2008 | Dae Sun | rgn \$9m | N/A | SS/DD 07/23 | |
| Dry Bulk | Panamax | Elim Joyce | 77k >> | 2004 | China Shipbuilding | \$15m | N/A | SS/DD 02/24 | BWTS fitted |
| Dry Bulk | Panamax | Orient Prima | 76k >> | 2005 | Imabari | \$17m | N/A | SS 10/25 DD 09/23 | BWTS fitted |
| Dry Bulk | Panamax | Zhong Liang Hua Nan | 74k >> | 2001 | Hudong-Zhonghua | \$13.5m | Chinese | SS/DD 09/22 | online auction |
| Dry Bulk | Ultramax | Fortune Bell | 61k >> | 2020 | Shin Kurushima | \$39m | N/A | SS 05/25 DD 05/23 | BWTS fitted |
| Dry Bulk | Supramax | IVS Pinehurst | 57k >> | 2015 | Tsuneishi Cebu | \$18m | South African | SS 07/25 DD 11/23 | Exercised purchase option |
| Dry Bulk | Supramax | Van Fortune | 56k >> | 2009 | Taizhu Sanfu | \$16.5m | N/A | SS 07/24 DD 07/22 | BWTS fitted |
| Dry Bulk | Supramax | Bao Chuan | 56k >> | 2007 | Mitsui | \$17.8m | Chinese | SS 04/27 DD 01/25 | BWTS fitted |
| Dry Bulk | Handysize | Cape Moreton | 32k >> | 2010 | Jiangmen Nanyang | \$15m | Chinese | SS 02/25 DD 05/23 | BWTS fitted |
| Dry Bulk | Handysize | Pacific Noble | 28k >> | 2012 | Imabari | N/A | Greek | SS 04/25 DD 04/23 | |
| Dry Bulk | Handysize | Asomatos | 28k >> | 2003 | Imabari | \$11.5m | N/A | SS/DD 04/23 | |
| Container | Feeder | A Mizuho | 1,022 TEUs | 2008 | Jiangsu Eastern | \$21m | Swiss | SS 12/25 DD 12/23 | |

3.2 Second-Hand Asset Values & Sales Volumes per Vessel Type

| Vessel Type | | Current Prices | | | | 5-Year Avg Prices (2017-2021) | | | |
|-------------|--------------------|----------------|-------|--------|--------|-------------------------------|-------|--------|--------|
| | | Resale | 5 yrs | 10 yrs | 15 yrs | Resale | 5 yrs | 10 yrs | 15 yrs |
| TANKERS | VLCC | 102 | 76 | 52 | 38 | 91 | 67 | 44 | 29 |
| | Suezmax | 72 | 52 | 37 | 25 | 61 | 45 | 30 | 18 |
| | Aframax | 61 | 48 | 33 | 21 | 48 | 34 | 22 | 13 |
| | Panamax | 48 | 36 | 23 | 15 | 41 | 29 | 18 | 10 |
| | MR | 39.5 | 33 | 22 | 15 | 36 | 26 | 17 | 10 |
| DRY BULK | Capesize | 62 | 52.5 | 37 | 23.5 | 49 | 38 | 23 | 14 |
| | Panamax/Kamsarmax | 42 | 37 | 27 | 18 | 30 | 23 | 14 | 9 |
| | Supramax/Ultramax | 39 | 35 | 23.5 | 18 | 27 | 21 | 13 | 8 |
| | Handysize | 32 | 28 | 20 | 15 | 22 | 16 | 10 | 5 |
| CONTAINERS | Size | Current Prices | | | | 5-Year Avg Prices (2017-2021) | | | |
| | 8,800-teu / 10 yrs | 150 | | | | 38 | | | |
| | 6,600-teu / 10yrs | 140 | | | | 30 | | | |
| | 4,500-teu / 10 yrs | 80 | | | | 17 | | | |
| | 2,600-teu / 10 yrs | 58 | | | | 14 | | | |
| | 1,700-teu / 10 yrs | 40 | | | | 10 | | | |

Chart 4. Sales Volumes per Vessel Type



4. Newbuilding & Ship Recycling Markets

4.1 Recent Newbuilding Orders

Table 3. Weekly Newbuilding Orders

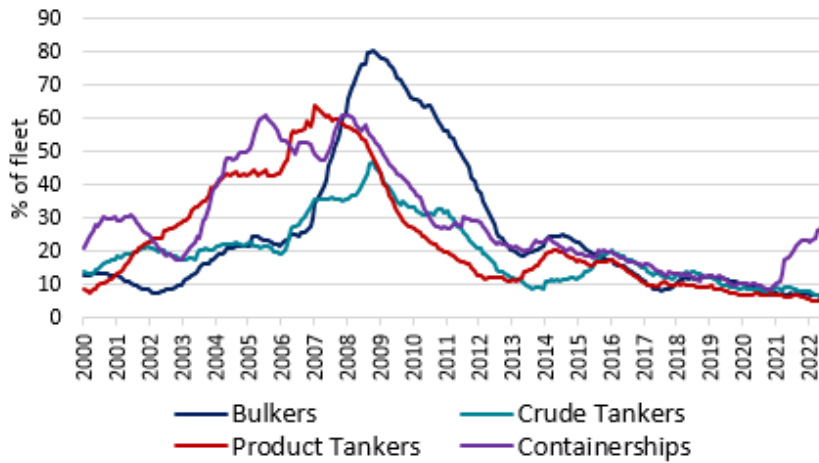
| Ship No | Type | Sub-Sector | Size | Delivery | Yard | Unit Price | Owners | Comments |
|---------|-----------|--------------|-------------|--------------------|-----------------|------------|---------|-------------------------|
| 4 | Container | MGX-23 | 23,000 TEUs | | | ard \$250m | French | LNG dual-fuel |
| 6 | Container | VLCS | 15,000 >> | Q4 2025 | N/A | ard \$175m | French | Methanol dual-fuel |
| 6 | Container | Post Panamax | 7,900 >> | | | ard \$120m | French | LNG dual-fuel |
| 4 | Dry Bulk | Kamsarmax | 82k dwt | 2024 | Dalian Cosco | \$40m | Chinese | Tier III, Nox standards |
| 4 | Dry Bulk | Ultramax | 63k >> | mid 2024 - Q1 2025 | Hyundai Vietnam | \$36.5m | Greek | Tier III, Nox standards |
| 3 | Gas | LNG | 175k cbm | 2025-26 | Jiangnan | ard \$200m | Adnoc | |

4.2 Newbuilding Asset Values & Orderbook Levels

Table 4. Newbuilding Asset Values

| Vessel Type | | Current Prices | | Year End, \$m | | |
|-------------|------------|----------------|-----------|---------------|------|------|
| | | Last Week | This Week | 2019 | 2020 | 2021 |
| TANKERS | VLCC | 116 | 116 | 91 | 84 | 111 |
| | Suezmax | 78 | 78 | 61 | 55 | 75 |
| | Aframax | 60 | 60 | 48 | 45 | 59 |
| | Panamax | 51 | 51 | 44 | 42 | 50 |
| | MR | 41 | 41 | 35 | 33 | 40 |
| DRY BULK | Capesize | 62 | 62 | 49 | 46 | 60 |
| | Kamsarmax | 36 | 36 | 27 | 25 | 34 |
| | Ultramax | 34 | 34 | 25 | 23 | 32 |
| | Handysize | 30 | 30 | 23 | 22 | 29 |
| CONTAINERS | 10,000-teu | 128 | 128 | 88 | 87 | 128 |
| | 6,600-teu | 83 | 83 | 71 | 71 | 83 |
| | 5,000-teu | 71 | 71 | 52 | 52 | 70 |
| | 2,600-teu | 40 | 40 | 31 | 29 | 39 |
| | 1,700-teu | 27 | 27 | 25 | 22 | 27 |

**Chart 5. Shipping Orderbooks
as % of Fleet Capacity**



4.3 Recent Ship Recycling Activity

Table 5. Weekly Ship Recycling Activity

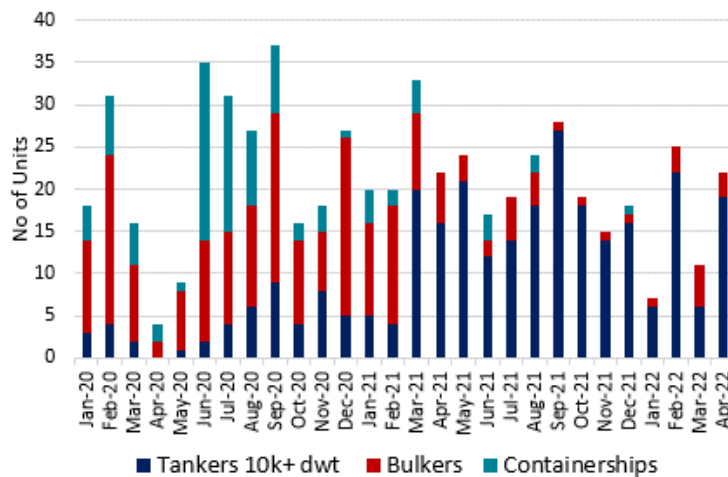
| Type | Sub-Sector | Name | Built | Dwt | Ldt | Yard | Buyer | Price (\$/ldt) | Comment |
|------|------------|--------------------------|-------|-------------|--------|------|-------|----------------|-----------------|
| Gas | LNG | Dahlia (ex. Ocean Quest) | 1979 | 124,010 cbm | 33,140 | USD | India | N/A | Green Recycling |

4.4 Scrap Values & Ship Demolition Volumes

Table 6. Scrap Values

| Location | Tankers | | | | Dry Bulk | | | |
|------------|---------------|------|------|---------|---------------|------|------|---------|
| | Year End, \$m | | | Current | Year End, \$m | | | Current |
| | 2019 | 2020 | 2021 | | 2019 | 2020 | 2021 | |
| India | 361 | 402 | 562 | 630 | 365 | 403 | 562 | 620 |
| Bangladesh | 385 | 410 | 600 | 620 | 380 | 415 | 585 | 610 |
| Pakistan | 355 | 415 | 588 | 610 | 355 | 415 | 585 | 600 |

Chart 6. Ship Recycling per Vessel Type



5. Macro Indicators

| Indicator | | % w-o-w |
|-------------|---------------|---------|
| ICE Brent | 122.74 \$/b | 4.9% |
| WTI | 121.58 \$/b | 7.6% |
| Spore VLSFO | 1,130.50 \$/t | 23.0% |
| GBP/USD | 1.25 | -0.8% |
| USD/YEN | 133.88 | 3.1% |
| USD/EURO | 0.93 | 0.0% |
| USD/YUAN | 6.68 | 0.3% |
| Gold | 1,850 | -0.9% |



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