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Gibson Sale & Purchase Market Report



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DRY CARGO – Summer Slow Down

So football never came home and we will have a breather until that endeavour is recommenced. Similarly, the dry cargo freight market has paused for breath with a slight softening in rates across all the indexes apart from the handysize which continues to show resilience to any downward pressure. Hence it is not surprising that handies dominate this week's sales list. Sales of other sized tonnage appear to be thin on the ground but this could be attributed to the fact that the readiness of market tonnage for sale has certainly decreased and we are especially seeing little availability of tonnage from Japan at the moment.

TANKERS – Sister Act

The week has revealed an unexpected flurry of sales, albeit with some deals with their roots in preceding weeks. The products sector of the market has notably stolen the lion's share of the sales with another Xihe Holdings forced sale of LR2 **"OCEAN PEGASUS"** (108,926 dwt/blt 2009 SWS) on undisclosed terms continuing the ongoing judicial management sell-off. In addition, the stalled LR2 newbuilding sisters **"LEOPARD"** and **"LION"** (114,000 dwt) at Hanjin's Subic Bay that were relocated for completion at Hanjin's head Korean facility have been sold to JP Morgan for US\$55m each for delivery in August and September this year. After a relatively quiet spell, the smaller MR1 end of the products spectrum is also well represented again by the sales of **"GOLD OCEAN"** (37,320 dwt/blt 2007 STX Jinhae) at US\$8.8m to an undisclosed buyer and Leon Shipping & Trading notably taking over the Socatra-owned sisters **"ADARA"** and **"AGENA"** (37,583 dwt/blt 2011 Hyundai Mipo) at US\$15.75m apiece, albeit with the **"AGENA"** being concluded back in April and delivering last month. So too the MR2 size has seen SteelShips reportedly acquire a couple of abandoned options (potentially ex-Island Navigation) already under construction at STX Offshore & Shipbuilding for back-end 2022 deliveries with LNG and Scrubber ready status at US\$37m apiece. Meanwhile, the builder

has also seen its orderbook further bolstered by a sizeable order from compatriot Sinokor placing a sextet of MR2s at a price of US\$36m each, reportedly to serve TCs for Exxonmobil.

Back on the crude side, the **"OLYMPIC LEGEND"** (309,270 dwt/blt 2003 Samsung) shows strength in vintage value, part-buoyed by the ever-firming recycling market, as a Chinese buyer is reported to have paid up US\$31m, whereas just a fortnight ago we were reporting the **"MARAN TRITON"** (318,692 dwt/blt 2003 Samho) sold to a Chinese buyer at US\$29m. Meanwhile, we are aware of a number of ongoing vintage Suezmax negotiations drawing closer to a conclusion, although for now we report just the **"VLADIMIR VELIKIY"** (159,990 dwt/blt 2002 Samho) at a rumoured low US\$16m price tag.

RECYCLING – Scraps Out For Summer

Lack of tonnage dooms the recycling markets as it has now been a few weeks and only about half a dozen ships appear to have been sold for scrap! Local steel markets in India have also softened further this week as recyclers in Alang remain worrisome about markets. Bangladesh meanwhile continues to remain the strongest market for recycling as levels close to US\$600/ton are very well in sight. The local steel markets have not had much upside, however the lack of tonnage is keeping cash buyers and breakers salivating. In Pakistan there have been some rumours of a few tankers being unable to get permission for beaching due to 'gas free for hot works' issues which is worrying bearing in mind the number of devastating events that have happened in the recent past because of such problems, however these look like having now been resolved. Pakistani ship breakers are paying well above India but still unable to compete at levels offered by Bangladesh. With EID holidays in full swing starting today, we are almost certainly going to be witnessing a very quiet week coming up. Will the lack of tonnage drive up recycling rates towards the mighty \$700/ton.....? Q4 2021 could well have the answer.

Gibson Sale & Purchase Market Report

S&P SALES

Vessel Name	DWT	Built	Yard	Buyers	Price (\$/m)	Notes
BULKERS						
NAVIOS AZALEA	74,759	2005	Hudong Zhonghua (CHN)	Undisclosed buyer	tba	SS psd 3/20.
BELFRI	55,866	2007	Kawasaki (JPN)	Jinhui Shipping & Transportation	15.18	SS due 6/22. Dely 9-10/21.
SIKANIA	53,553	2001	Imabari (JPN)	Chinese buyer	9.8	BWTS fitted.
DRY BEAM NEO	38,180	2019	Shin Kochi (JPN)	Nova Marine	25.5-26	Eco. Logs fitted.
INTERLINK EQUITY	37,071	2013	Huatai Heavy (CHN)	Greek buyer	14.7	Ice 1C. Tier II.
GREAT RESOURCE	32,000	2010	Guangzhou Huangpu (CHN)	Greek buyer	12.6	Open hatch. SS psd 4/20. BWTS fitted.
IRONGATE	28,316	2015	I-S Shipyard (JPN)	Undisclosed buyer	13.9	SS psd 6/20. BWTS fitted.
LUCKY LIFE	28,197	2013	Imabari (JPN)	Undisclosed buyer	13.8	DD due 8/21. BWTS fitted.
OLZA	16,592	2012	Taizhou Sanfu (CHN)	German buyer	7.2	Ice 1C. SS due 4/22.
TANKERS						
OLYMPIC LEGEND	309,270	2003	Samsung (KRS)	Chinese buyer	31	DD due 11/21.

VLADIMIR VELIKIY	159,990	2002	Samho (KRS)	Undisclosed buyer	low 16	SS due 1/22.
LEOPARD + LION	114,000	both 2021	Hanjin Subic Bay (PHI), Hanjin (KRS)	JP Morgan (Global Meridian Holdings)	55 each	Coated. Dely 8+9/21. Completed by HHIC.
BAI LU ZHOU	110,503	2007	Dalian No. 1 (CHN)	Soechi	14.25	SS due 6/22. No BWTS.
OCEAN PEGASUS	108,926	2009	SWS (CHN)	Undisclosed buyer		Coated. Xihe forced sale.
STX JINHAЕ RESALES x 2	50,000	both 2022	STX Offshore & Shipbuilding	SteelShips	37	LNG + Scrubber ready. Undeclared/resold options.
ADARA + AGENA	37,583	both 2011	Hyundai Mipo (KRS)	Leon Shipping & Trading	15.75 each	Deepwell. SS psd 4/21. AGENA sold in 4/21.
GOLD OCEAN	37,320	2007	STX Jinhae (KRS)	Undisclosed buyer	8.8	Deepwell. SS due 1/22.
CHEMROUTE BRILLIANT	25,594	2009	Shin Kurushima (JPN)	German buyer	16.5	Stainless steel.

GENERAL CARGO / MULTI PURPOSE

ADALINE	12,259	2001	Shin Kurushima (JPN)	Undisclosed buyer	3.5	Geared. SS due 9/21.
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CONTAINERS / RO-RO / REEFER / PCC

S SANTIAGO	68,126	2006	Hanjin Hi (KRS)	OM Maritime	58	5,059 TEU. Gearless. Dely 3/22.
BALAO + BALLEENITA BALSA + BANAK	34,144 34,144	both 2013 2013 + 2014	Jiangsu Yangzijiang (CHN) Jiangsu Yangzijiang (CHN)	Undisclosed buyer	120 en bloc	2546 TEU. Geared. All on TC to 2022, except BANAK for prompt dely.

NEWBUILDING ORDERS

Ordering Client	Vessel Type	Size / No. of units	Shipyard (Country)	Delivery	Price (\$m)	Notes
BULKERS						
Bocimar	Newcastlemax	210,000 dwt x	Qingdao Beihai (CHN)	2023	est 60-61	LOI stage. Tier III. EEDI phase 2. Conventional fuel.
Chellaram Shipping	Kamsarmax	82,000 dwt x 1+1	Chengxi (CHN)	2023		Tier III. EEDI phase 2.
TANKERS						
Sinokor Merchant Marine	MR	50,000 dwt x 6	STX Jinhae (KRS)	2023	36	Against T/C to Exxonmobil.
SteelShips	MR	50,000 dwt x 2	STX Jinhae (KRS)	2022	37	Scrubber + LNG ready. Sold options.
GENERAL CARGO / MULTI PURPOSE						
Volga Shipping	Sea/River Cargo	7,170/4,380 dwt x 4 +16	Oka Shipyard (RUS)	2022-2023		RSD71 type. 120m LOA. Options by 2030.
CONTAINERS / RO-RO / REEFER / PCC						
Cosco Shipping Holdings	Containership	16,180 TEU x 4	Cosco SHI Yangzhou (CHN)	2023-2024	155	Scrubber fitted.
Cosco Shipping Holdings	Containership	14,092 TEU x 6	Cosco SHI Yangzhou (CHN)	2023-2025	146	Scrubber fitted.

Wallenius Lines	PCC	6,500 CEU x 2+4	CIMC Raffles (CHN)	2024	est 76-77	Type-C LNG fuel. 220m LOA. Against 5-10 yr TC to VW.
Lepta Shipping	Containership	3,500 TEU x 5/6	Yangzijiang (CHN)	2022-2024	39.5/40	800 reefer. Against 15 yrs TC to Maersk.
GAS						
Sovcomflot	LNG	174,000 cbm +2	Hyundai Samho (KRS)	2023-2024	182.9*	*Declared options.
Capital Gas	LNG	174,000 cbm +1	Hyundai HI (KRS)	2023	193.5*	*Declared options.
Brave Maritime	LPG	40,000 dwt +1	Hyundai Mipo (KRS)	2023	reg 47*	*Declared option.

Recycling Activity

Vessel Name	BUILT	DWT	LWT	Delivery	Price (\$/lwt)	Notes
FPSO						
RUBICON VANTAGE	1987 / China	72,040	18,101	as-is Thailand		last weeks sale
SHUTTLE TANKER						
BETTY KNUITSEN	1999 / Spain	35,161	11,026	Turkey		HKC Green Recycling / old sale
CHEMICAL TANKER						
THERESA TIGA	1997 / Japan	18,593	5,969	India	720	incl large quantity of St-St in her tanks
TANKER						
JETSTAR	1994 / Korea	9,570	2,853	Bangladesh	575	last weeks sale
REEFER						
GREEN KLIPPER	1991 / Holland	5,416		India		old sale

Recycling Prices (US\$/LWT)

	Bangladesh	Pakistan	India	Turkey
Tank/Cont/Ro-Ro/Capes/LPG/PCC	585/595	580/590	550/560	290/300
Dry Cargo/Bulk/Tween/Gen Cargo	575/585	570/580	540/550	280/290

Newbuild and Second Hand Values (\$ million)

	Newbuild	5 Year Old	10 Year Old
Tankers			
VLCC	99.5	71	50
SUEZMAX	67	49	33.5
AFRAMAX	54	41	26.5
MR	37	28	19
Bulkers			
CAPE SIZE	59^	37.5	31
KAMSARMAX / PANAMAX	33^	30k	22k / 20p
ULTRAMAX / SUPRAMAX	31^	26u	19s
HANDYSIZE	27^	21.5	15

^=Chinese price (otherwise based upon Japanese / Korean country of build)

Indices

	C.O.B Friday
BDI	3039
\$/Yen	110.22
VLCC	
AG/East	31.5
TD3 (WS)	

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CJC Market News



Campbell Johnston Clark (CJC) is a medium-sized international law firm advising on all aspects of the shipping sector, from ship finance to dry shipping and comprehensive casualty handling, and all that happens in between. Today, we have offices in London, Newcastle, Singapore and Miami.

Maersk plans order for 12 methanol-fueled container vessels

According to an article by Business Korea, it is anticipated that Korea Shipbuilding & Offshore Engineering (“KSOE”) will secure the orders for what is believed to be 12 methanol-fueled, 15,000 TEU boxships from Maersk. It is further reported that contract negotiations are still underway.

Industry watchers are, however, estimating that the ship’s price will be in the region of US\$ 175 million (or 200 billion Korean won) per individual unit. If all 12 vessels are built by KSOE, the value is estimated at about US\$ 2.1 billion (or 2.4 trillion Korean won). As reported, the orders are expected to boost KSOE’s position in the eco-friendly ship market.

The plan to acquire such ships is in line with Maersk’s vision announced in February which set out to operate carbon-neutral ships by 2023. Earlier in June this year, Maersk signed a letter of intent with a subsidiary of KSOE, Hyundai Mipo Dockyard, for three 3,500 TEU methanol-powered boxships. The same yard had previously delivered two methanol-powered ships initially in 2016.

Methanol, like liquefied natural gas, is hailed as one of the potential future clean fuel options in the journey towards clean energy. Reportedly, it has the ability to reduce sulfur oxides (by 99%), nitrogen oxides (by 80%) and greenhouse gases (by 25%) when compared to traditional fuels utilized by vessels. However, one advantage over LNG is in the storage and transportation matrix as LNG requires high pressure and cryogenic temperature. At present, there are about twenty methanol-powered vessels in service around the world, of which, one third were built by KSOE.

Industry watchers expect that Maersk will need to expedite plans to set up a chain of supply for methanol bunkers for such vessels. Notwithstanding, the company states that it is confident in the ability to source for a consistent supply of the fuel.

South African Ports Suffer Disruption Amid Violent Political Protests

The jailing of former South African President Jacob Zuma has caused political unrest to continue to sweep through the KwaZulu-Natal province in South Africa this week. Jacob Zuma served as president from 2009-2018 and was recently jailed after failing to appear before a government commission investigating alleged corruption during his administration.

As a result, Maersk has this week shut down facilities in both major cities of Durban and Johannesburg including depots, warehouses, and cold stores as protests quickly turned to looting.

Roads into and out of the ports of Durban and Richards Bay have also been blocked, badly impacting supply chain logistics and operations. To make matters worse, port health services at Durban are closed which is effectively preventing vessels from berthing as COVID testing cannot be conducted.

Durban has one of the busiest shipping terminals in Africa and is a major hub for exports such as agricultural commodities and imports including crude oil and petroleum products. Richards Bay is just north of Durban and is home to a major coal export terminal.

At least 72 people are reported to have died so far and South African police have arrested over 1,000 people in connection with the unrest. President Cyril Ramaphosa has called it some of the worst violence witnessed in South Africa since the 1990s, before the end of apartheid.

Texas Court rule on 2019 Houston Ship Channel Collision

A federal court in Texas has ruled on the May 2019 collision in the Houston Ship Channel, holding that K Line were 100% at fault.

The collision occurred when the K line 82,400-cbm VLGC "Genesis River" attempted to overtake the tug "Voyager". Voyager was at the time pushing two tank barges, filled with reformate, a gasoline-blending stock. The collision caused one barge to capsize and breached two cargo tanks in the other, spilling around 475,000 gallons of reformate.

This spill caused disruptions to the channel for around 5 days and give rise to many third-party claims from local fishermen.

The Court held that the Genesis River violated three inland navigation rules, during the overtaking manoeuvre. These included travelling at 12 knots, a speed 4 knots above the voyage plan's maximum proposed speed and failing to make use of its radar and electronic chart display and information system. The Genesis River also navigated incorrectly and failed to maintain a position "as near to the outer edge of the channel ... as is safe and practicable".

The Court held that Genesis River interests are liable to the barge interests for USD17.4m, which accounts for both the collision and response damages. Damages due to the third-party claimants are yet to be determined.

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