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Gibson Sale & Purchase Market Report



*With over 125 years of expertise Gibson Shipbrokers is a leading provider of Sale & Purchase, Newbuildings, Recycling and Ship Valuation services.
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Dry Cargo – Dry Drive

The slow decline in the BDI since the middle of March has had very little dampening effect on prices or appetite for dry cargo vessels and we continue to see dry units being committed at ever firming levels. Bucking the trend in regard to the cape freight market is the reported sale of **"RED SAGE"** (182,443 dwt/blt 2015 JMU, Japan) to Valhal Shipping at US\$47.5m, which represents a significant jump compared to their last cape acquisition over a year ago, which was the 4 year older **"COLOGNY"** (180,643 dwt/blt 2011 Tsuneishi Cebu, Philippines) for the very reasonable US\$22.7m.

There certainly appears to be a strong background sentiment to the dry cargo market and the reported sale by Maran of a host of mini capes to Chinese buyers would suggest there is no doubting the future prospects from China to drive this market further.

Tankers – A Spring Rush for Tonnage

This week appears to have marked a genuine inflection point in the tanker S&P markets, with the mood amongst buyers apparently having shifted decisively from cautious optimism to overt excitement. There's been a hearty trade in tonnage across all age and size segments, with values starting to show some definite upward pressure at last. To name two notable examples - the **"CHALLENGE PEGASUS"** (47,676 dwt/blt 2007 STX) is rumoured to have been sold for as much as US\$ 13m, while elsewhere the **"BERICA"** (115,146 dwt/blt 2008 Sasebo) is said to have been committed for US\$23m.

Overall, Aframax and MR2s appear to still be the particular darling of investors due to their lower perceived barriers to entry and greater liquidity. Having said that, larger crude should be watched closely in the coming weeks, as one gets the sense that buyers would need only the faintest of positive signals from period and FFA markets to start moving forward.

Newbuilding – Clean Party

High second-hand pricing and corresponding newbuilding (and rising) pricing is putting many buyers off ordering bulkers. The dry indexes have been coming down for the medium sizes but are of course still at very good levels. At this point it looks like a pause rather than a full stop of acquisition activity until wider market factors become clear (Ukraine/ Russian grain trade etc).

Crude/larger tanker newbuilding enquiry generally remains very flat with most 2024 slots gone and a range of cheaper, earlier delivery resales available. Newbuilding pricing will likely rise again soon as yards deal with the commodity crisis so without some sustainable drive on the demand side on rates (encouragement in aframax/suezmax already) it is hard to pay up to take advantage of the excellent coming fleet supply situation. However, on the MR size there is high buying demand on secondhand and plenty of 2024 slots left at pricing that is cheaper than modern secondhand on a straight line depreciation basis. We may well therefore see further MR orders in the near future.

Recycling – Steel Riding High

Steel prices are holding out strongly across the Indian Sub-Continent as evidenced by some private sales being reported, however in view of the current volatile nature of the recycling markets there always lurks the fear of a potential pending crash coming, and that could be what is holding back some cash buyers offering aggressively, unless of course the vessel is available basis a prompt delivery. Local steel markets in Alang continue to remain firm with ship-breakers in India mainly focusing on Green Recycling tonnage; candidates which are unfortunately fairly thin on the ground at present. The turmoil in Pakistan has surprisingly not impacted the scrap markets as breakers are quite bullish at least on the short term. There have been reports of a number of off market / private deals taking place in at very firm levels, as witnessed by the NGM controlled Cape **"SUNBEAM"** that is being reported sold to Pakistan for region US\$715 per LWT (although rumoured this is the on sale price to the breakers). Bangladesh has been fairly quiet as expected due to the on-going Ramadan festivities, however with breakers keen to acquire tonnage they could well bounce back very aggressively post Eid. As of today, the difference between a ship being negotiated for prompt delivery vs a slightly forward delivery is roughly US\$30 thus creating a negative sentiment for the future. With tanker freight markets also picking up, the obvious lack of supply for to the recycling market is bound to persist through 2022 and hence fundamentally ship scrap prices should remain firm.

Gibson Sale & Purchase Market Report

S&P SALES

Vessel Name	DWT	Built	Yard	Buyers	Price (\$/m)	Notes
BULKERS						
RED SAGE	182,443	2015	JMU Ariake (JPN)	Valhal Shipping	47.5	DD due 1/23. BWTS fitted.
MARAN PROGRESS + MARAN WISDOM MARAN ASPIRATION + MARAN ZENITH MARAN DAWN + 'OCEAN + 'SKY + 'SUN	114,000	both 2014 2012+2013 all 2011	Shanghai Shipyard (CHN)	Chinese buyer	200 en bloc	
CMB PAUILLAC	95,707	2012	Imabari (JPN)	Greek buyer	25	SS due 8/22.
SEA NEPTUNE	81,631	2013	Xiamen (CHN)	Turkish buyer	23.5	SS+BWTS due 3/23.
DARYA KIRTHI	80,505	2012	STX Jinhae (KRS)	Undisclosed buyer	26.5	Basis SS psd dely 4-5/22. BWTS fitted.

RIO GRITA + RIO TAMARA	75,500	both 2014	Taizhou Kouan (CHN)	Undisclosed buyer	45 en bloc	DD psd 2/22 + DD due 7/22. BWTS fitted.
ORIENT LUCKY	57,125	2010	Bohai (CHN)	Greek buyer	17.9	DD due 7/23. BWTS fitted.
AMOY ACTION	56,954	2010	Xiamen (CHN)	Greek buyer	18.2	DD due 11/23. BWTS fitted.
ASL MERCURY	56,889	2010	Jiangsu Hantong (CHN)	Undisclosed buyer	16	DD due 11/23. BWTS fitted.
ENY	53,525	2006	Iwagi (JPN)	Middle Eastern buyer	17.2	Dely 7-8/22. SS psd 7/21. BWTS fitted.
SEASTAR EMPRESS	35,000	2011	Nantong Jinghua (CHN)	Undisclosed buyer	16.5	SS psd 11/21. BWTS fitted.
STRATEGIC ENCOUNTER	33,000	2010	Zhejiang Zhenghe (CHN)	Undisclosed buyer	low 14	DD due 8/23.
STYELLAR TOLEDO	16,765	2003	Shin Kochi (JPN)	Turkish buyer	6.5	
TANKERS						
TOKIO	306,206	2005	Mitsubishi Nagasaki (JPN)	Chinese buyer	31.5	DD due 2/23.
EASTERN JUNIPER	305,749	2007	Daewoo (KRS)	Middle Eastern buyer	36.5	SS+BWTS due 6/22.
ADVANTAGE AVENUE + ADVANTAGE ANTHEM	116,000	2010+2011	Samsung (KRS)	Synergy Marine	57 en bloc	DD due 1/23 + SS psd 10/21. Inc TC @ \$15.5k pd to early '23.
BERICA	115,146	2008	Sasebo (JPN)	Undisclosed buyer	23	SS due 10/23. BWTS fitted.
STI NAUTILUS	109,999	2016	CSSC Offshore Marine (CHN)	Torm AS	45	Coated. SS psd 6/21. BWTS+Scrubber fitted.
ARDMORE SEALANCER + 'SEALEADER + 'SEALIFTER	47,470	all 2008	Onomichi (JPN)	Leonhardt & Blumberg	40 en bloc	Pump-room. Basis 2 yrs TC back.
SARANGA	20,938	2006	Shin Kurushima (JPN)	Samudera	12.5	Stainless Steel. SS psd 8/21. BWTS fitted.
SONGA DREAM	19,807	2010	Fukuoka (JPN)	S,Korean buyer	17	Stainless Steel. DD due 4/23. Scrubber fitted.
OCEAN MARLIN	11,996	2018	Samjin (CHN)	Hong Lam Marine	10*	*Judicial sale. Epoxy. IMO II. SS due 6/23.
HOKO	8,911	2010	Shin Kurushima (JPN)	Undisclosed buyer	8	Stainless Steel. IMO II. DD due 8/23.
CONTAINERS / RO-RO / REEFER / PCC						
JAN	17,121	2010	Jiangsu Yangzijiang (CHN)	Undisclosed buyer	mid-high 30s	1338 TEU. Geared.
GAS (LNG/LPG/LAG/CO2)						
CHAPARRAL	54,553	2015	Hyundai Samho (KRS)	Japanese buyer	64.9	82,320 cbm. Basis 7+3 yrs 10 BB back.
CARAVELLE	54,553	2016	Hyundai Samho (KRS)	Undisclosed buyer	71.5	82,320 cbm. Basis 10 yrs 10 BB back.

NEWBUILDING ORDERS

Ordering Client	Vessel Type	Size / No. of units	Shipyard (Country)	Delivery	Price (\$m)	Notes
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BULKERS						
HuaXia FL	Ultramax	63,500 dwt x 2	Nantong Xiangyu (CHN)	2024	32	EEDI 3.
TMS Dry	Ultramax	63,500 dwt x 4	Nantong Xiangyu (CHN)	2024	32.5	
Franbo Lines	Handysize	40,000 dwt x 4	Hakodate (JPN)	2024		
GAS (LNG/LPG/LAG/CO2)						
Celsius Shipping	LNG	180,000 cbm + 1	Samsung (KRS)	2025		ME-GA M/E. Against long TC.
Knutsen	LNG	174,000 cbm x 2	Hyundai Samho (KRS)	2025	224.5	Against TC to PGNIG

Recycling Activity

Vessel Name	BUILT	DWT	LWT	Delivery	Price (\$/lwt)	Notes
CAPESIZE						
SUNBEAM	2000 / Japan	171,199	21,000	Pakistan	715	

Recycling Prices (US\$/LWT)

	Pakistan	Bangladesh	India	Turkey
Tank/Cont/Ro-Ro/Capes/LPG/PCC Dry	685/695	680/690	670/680	460/470
Cargo/Bulk/Tween/Gen Cargo	670/680	670/680	660/670	450/460

Newbuild and Second Hand Benchmark Values (\$ million)

Historical Average Values (\$ million)

Vessel Type	New Building	5 Year Old Vessel (Built 2017)	10 Year Old Vessel (Built 2012)	10 Year Old Vessel	% Difference Present Vs Historical
Tankers					
VLCC	115.5	74	51	44.8	13.9%
SUEZMAX	77.5	50	34	32.0	6.4%
AFRAMAX	60.5	45	30	23.5	27.5%
MR	41	30	20.5	17.3	18.3%
Bulkers					
CAPESIZE	62^	47.5 eco	32.5	23.0	41.1%
KAMSARMAX	36^	36	26.5	15.6	70.4%
ULTRAMAX / SUPRAMAX	33.5^	33.5	23.4	13.7	71.4%
HANDYSIZE	30^	28.5	19.5	10.9	79.4%

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

~ = Basis standard contemporaneous DWT/spec for each type.

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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.

Greenpeace Protesters Block Russian Shipment



Ten Greenpeace activists scaled a fence at Salmisaari coal terminal in Helsinki, Finland on Tuesday morning following the Vessel *Transbaltic's* loading of coal at Ust-Luga, Russia on the Gulf of Finland.

In order to block the delivery, the protesters mounted three of the terminal's unloading hoppers, briefly blocking most cargo operations. "The ship has four cranes they use for unloading and we managed to climb on three of them so basically it stopped most of the unloading," says Matti Liimatainen from

Greenpeace Suomi.

Operators of the terminal, Helsinki city-owned power company 'Helen', has pledged to stop buying shipments of Russian coal. However, it still intends to honour previously-contracted cargoes that were arranged before the Russian invasion of Ukraine.

"We will be responsible for our contractual obligations with Russian coal suppliers until the end of the contracts. Upon expiration of the agreements, the procurement of coal from Russia will end," the company said in a statement.

Greenpeace has called on all EU nations to immediately halt imports of Russian fossil fuels. "EU countries are funding Russia to start an offensive war with billions of euros every week. I wonder what still needs to happen in Ukraine to end this," Matti Liimatainen said. "Despite [Helen's] promise, the financing of Putin's military machinery by purchasing Russian fossil energy will continue."

Finland, as well as elsewhere in the EU, is unlikely to be in a position to cease purchase of Russian oil and gas but there is a possibility that Russian coal may soon be prohibited. The EU commission has recently incorporated a proposed ban on the purchase of Russian coal in a new package of sanctions. It is thought that, if put into effect, the ban would hit Russian coal exporters for US\$4.3bn in annual sales.

Greenpeace activists have been targeting Russian energy shipments throughout Europe since the beginning of the Ukraine invasion, however that has now extended to coal shipments.

The protesters were eventually removed from the cranes by firefighters.

Lidl Starts Own Shipping Line to Reinforce Supply Chain



German hypermarket giant Lidl has filed an application with the European Trademark Office to register the brand name Tailwind Shipping Line as it moves to get its own shipping line up and running.

The company intends to buy container ships to transport goods sold in Lidl hypermarkets across the globe with the aim of protecting itself against the upheavals on the freight markets. According to the trademark application, the new operation will be used "for the transportation and delivery of

goods, including cargo transportation; cargo ship transport; air cargo transport; import and export cargo handling services".

German publication, Manager Magazin, reported that the hypermarket operator first sought to invest in an existing shipping company before deciding to purchase its own ships and start a shipping line. It remains unclear how many vessels the Lidl shipping venture intends to purchase and run. Reports indicate that the retailer currently has a volume of 400 to 500 TEU per week, presumably for its operations in Germany or across Europe, but there has been no confirmation on the number of ships they might be planning to buy or what routes they plan to operate.

With this latest move, Lidl joins the ranks of other retailers which have expanded into the business of cargo transportation. These include Amazon, Ikea, Home Depot, Dollar Tree and Walmart suppliers, each chartering vessels to move containers from Asia. Furniture company Loctek is the first to commission a new build, contracting with Huanghai Shipbuilding Co. in January 2022. The containership on order for them is due for delivery by 31 March, 2023, and comes at a cost of USD 32.8 million.

Frontline and Euronav to Merge



The Shipowners C Frontline and Euronav, two of the world's biggest tanker operators, have agreed to merge by signing a term sheet which has been unanimously approved by the independent members of the companies. Under the proposed merger Euronav shareholders would own 59% and Frontline shareholders 41% of the combined group.

Although Euronav shareholders would have the larger shareholding, the combined group would trade under the Frontline name operating from Belgium, Norway, UK, Singapore, Greece and the US, but with Euronav chief Hugo deStoop as CEO. The merged company would have a fleet of 69 VLCC and 57 Suezmax vessels, and 20 LR2/Aframax vessels.

John Fredriksen, Frontline founder, said: "A combination of Frontline and Euronav would establish a market leader in the tanker market and position the combined group for continued shareholder value creation in addition to significant synergies. The new Frontline would be able to offer value enhancing services for our customers and increase fleet utilisation and revenues which would benefit all stakeholders. I am very excited and give my full support and commitment to this combined platform".

De Stoop, CEO of Euronav said: "This transaction would mark an exciting development for the tanker industry, creating a leading tanker company which would be positioned to serve the needs of customers, support partners and drive technology and sustainability initiatives to lead the energy transition."

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