Monthly Shipping Review

JUNE 2024

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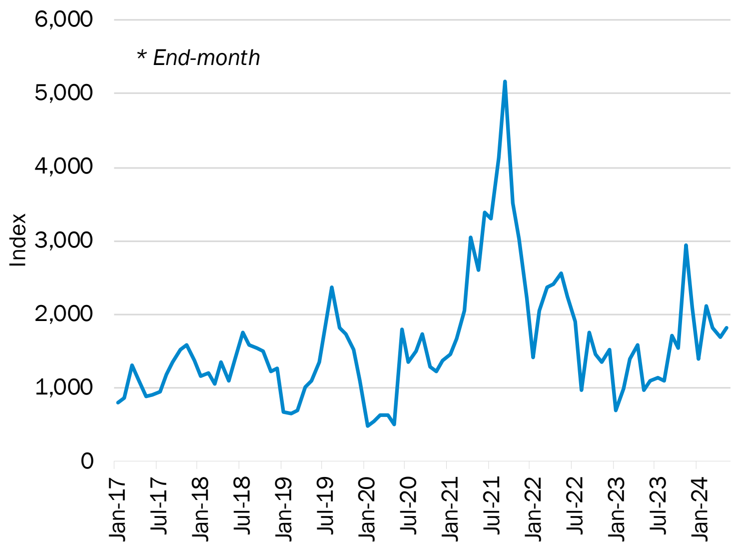
June 2024

Dry Bulk: Mixed | **Tankers:** Mixed | **Ship Values: Tankers:** Firm | **Dry:** Firm

Dry Bulk

- The BDI is slightly softer from last month, down 230 points to 1,836 points on 12 May. Capesize (180k dwt) 5 TC average is down $3,165/day month-on-month to $22,608/day on 12 May. Panamaxes are also weaker month-on-month with the Panamax (82k dwt) 5 TC earnings average falling $1,377/day to $16,780/day. There's been some downward pressure from the Atlantic market amid lack of cargoes, while the Pacific appears relatively healthier.
- Over the past month, the Supramax 10 TC average is down $2,070/day to $14,263/day, while the Handysize 7 TC average is near-flat at $12,751/day. The differential between Supramax and Handysize earnings has now eased to $1,512/day on 12 June.

Baltic Dry Index

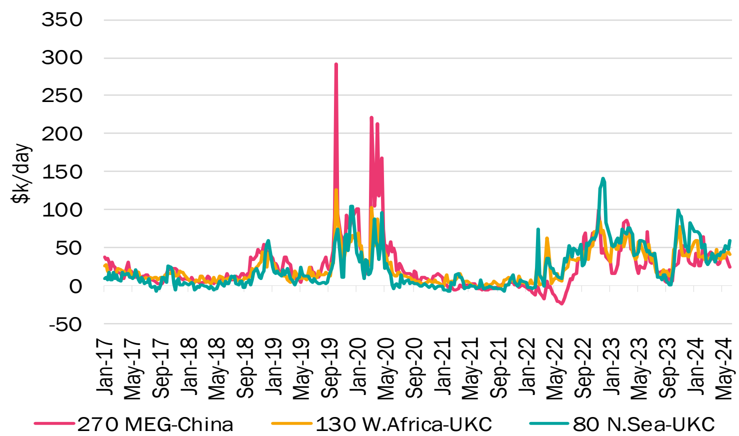


Tanker

- May was a stronger month for the VLCCs, with MEG-China earnings averaging $42,000/day, the highest since November and up from $31,000/day in April. Rates built across the month, and again the Atlantic Basin has been a driver of this, with a consistent supply of cargoes emerging from the USG/Brazil amid supportive arbitrage economics for shipments to Asia.
- The East of Suez product tanker market strengthened in May, with monthly MEG-Japan LR2 earnings averaging a three-month high of $58,200/day, up from $43,500/day in April. The Sector has benefited from strong westbound demand and the diversion of cargoes via the COGH, while further support was provided by firmer conditions in the Far East.

Crude Tanker Spot Earnings

Weekly TCE Rates, Non-Eco



Fleet Developments

- The pace of deliveries in the crude and product tanker fleet (over 10,000 dwt) has remained slow this year. With six vessels delivered in May, the year-to-date total stands at 33 units of 2.99M dwt, compared to 72 ships of 9.19M dwt in the same period of 2023. This has consisted of 25 product tankers of 1.84M dwt, with 14 MRs and 10 LR2s joining the fleet this year.
- The dry bulk fleet grew by 2.3 Mdwt in May mostly driven by strong deliveries in the Handymax segment (1.0 Mdwt) and very few demolitions across vessel sizes (just 0.1 Mdwt from Handysizes, 0.1 Mdwt from Handymaxes, and nothing from Panamaxes or Capesizes). So far 162 vessels have been added to the dry bulk fleet this year across all vessel sizes.

Fleet Developments

	1.1.22		1.1.23		1.1.24		1.6.24	
Existing	**No.**	**MDwt**	**No.**	**MDwt**	**No.**	**MDwt**	**No.**	**MDwt**
Tanker	7,154	647.3	7,326	669.1	7,442	680.4	7,483	683.2
Bulk	11,977	929.4	12,302	954.7	12,576	978.9	12,779	993.1
Combi	19	1.6	19	1.6	19	1.6	19	1.6
Fleet >= 20 years								
Tanker	647	44.0	761	59.3	1,031	96.5	1,344	102.2
Bulk	1,360	66.2	1,527	75.7	1,602	81.2	1,831	131.6
Combi	3	0.2	4	0.3	6	0.5	6	0.5
Orderbook								
Tanker	456	49.1	322	27.3	526	42.3	741	63.3
Bulk	735	65.2	821	66.1	960	74.0	1,050	81.7
Combi	0	0.0	0	0.0	3	0.2	3	0.2

SSY Fleet Database

Bulk Carrier Fleet, as at end May 2024

	10-44,999		45-69,999		70-99,999		100-219,999		220,000+		Total	
Existing	No.	MDWT	No.	MDWT	No.	MDWT	No.	MDWT	No.	MDWT	No.	MDWT
Pre-2000	466	12.1	190	9.6	149	11.1	3	0.5	1	0.3	809	33.6
2000/04	283	7.9	346	17.7	300	22.9	90	15.7	3	0.7	1,022	98.0
2005/09	541	14.5	602	33.1	429	34.3	293	52.6	23	6.5	1,888	141.0
2010/14	1,285	41.3	1,463	83.1	1,162	96.2	764	132.9	110	33.7	4,784	387.3
2015/19	605	20.6	851	52.1	545	44.8	320	59.8	79	25.6	2,400	202.9
2020/24	421	13.5	587	35.9	539	44.7	283	54.5	46	15.0	1,876	163.5
Total	3,601	109.9	4,039	231.5	3,124	254.0	1,753	316.0	262	81.7	12,779	993.1
Newbuildings												
2024	89	3.1	104	6.5	60	4.9	19	3.9	0	0.0	272	18.4
2025	117	4.5	160	10.2	112	9.2	37	7.4	0	0.0	426	31.4
2026+	61	2.4	103	6.6	138	11.6	40	8.1	10	3.2	352	31.9
Total	267	10.0	367	23.3	310	25.7	96	19.4	10	3.2	1,050	81.7

Combined Carrier Fleet, as at end May 2024

	10-79,999		80-109,999		110-139,999		140-199,999		200,000+		Total	
Existing	No.	MDWT	No.	MDWT	No.	MDWT	No.	MDWT	No.	MDWT	No.	MDWT
Pre-2000	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
2000/04	4	0.3	0	0.0	2	0.2	0	0.0	0	0.0	6	0.5
2005/09	2	0.1	0	0.0	0	0.0	0	0.0	0	0.0	2	0.1
2010/14	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
2015/19	0	0.0	6	0.5	0	0.0	0	0.0	0	0.0	6	0.5
2020/24	0	0.0	5	0.4	0	0.0	0	0.0	0	0.0	5	0.4
Total	6	0.4	11	0.9	2	0.2	0	0.0	0	0.0	19	1.6
Newbuildings												
2024	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
2025	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
2026+	0	0.0	3	0.2	0	0.0	0	0.0	0	0.0	3	0.2
Total	0	0.0	3	0.2	0	0.0	0	0.0	0	0.0	3	0.2

Tanker Fleet, including Chemical Tankers, as at end May 2024

	10-26,999		27-41,999		42-59,999		60-84,999		85-119,999		120-199,999		200,000+		Total	
Existing	No.	MDWT	No.	MDWT	No.	MDWT	No.	MDWT	No.	MDWT	No.	MDWT	No.	MDWT	No.	MDWT
Pre-2000	155	2.3	60	2.1	64	2.9	5	0.4	33	3.4	19	2.8	11	3.3	347	17.2
2000/04	165	2.9	182	6.7	192	8.9	73	5.3	166	17.8	96	15.1	123	37.5	997	85.0
2005/09	611	9.5	259	9.7	513	24.9	211	15.4	326	35.7	133	21.2	163	50.3	2,216	166.7
2010/14	302	5.1	95	3.4	392	19.3	87	6.5	202	22.3	166	25.9	226	70.3	1,470	152.8
2015/19	277	4.9	144	5.3	408	20.3	68	5.0	249	27.9	153	23.9	224	69.0	1,523	156.2
2020/24	197	3.5	41	1.5	276	13.8	10	0.7	163	18.4	106	16.4	137	41.8	930	96.1
Total	1,707	28.2	781	28.6	1,845	90.2	454	33.2	1,139	125.5	673	105.2	884	272.2	7,483	683.2
Newbuildings																
2024	43	0.8	5	0.2	28	1.4	2	0.1	18	2.1	6	0.9	1	0.3	103	5.8
2025	64	1.2	7	0.3	79	3.9	10	0.7	53	6.1	31	4.9	5	1.5	249	18.6
2026+	62	1.2	23	1.0	107	5.3	27	2.0	86	9.8	41	6.4	43	13.3	389	38.9
Total	169	3.2	35	1.3	214	10.7	39	2.9	157	17.9	78	12.2	49	15.1	741	63.3

Container Ships on Order, as at end May 2024

	100-499		500-999		1,000-1,999		2,000-2,999		3,000-3,999		4,000+		Total	
Newbuildings	No.	TEU	No.	TEU	No.	TEU	No.	TEU	No.	TEU	No.	TEU	No.	TEU
2024	5	1,816	8	5,320	60	91,382	26	65,408	16	50,748	143	1,613,568	258	1,828,242
2025	5	1,496	6	4,330	34	46,681	9	20,526	14	43,720	128	1,665,930	196	1,782,683
2026+	6	1,200	1	730	14	17,490	4	9,600	5	17,360	136	1,922,168	166	1,968,548
Total	16	4,512	15	10,380	108	155,553	39	95,534	35	111,828	407	5,201,666	620	5,579,473

Dry Bulk Market

Representative Rates Last Day of Month	May-22	May-23	Mar-24	Apr-24	May-24	24/23%
Baltic Exchange Dry Index (4/1/85=1,000)	2,566	977	1,821	1,685	1,815	+85.8%
Avg 7 T/C Handysize	$29,050	$10,292	$13,898	$13,423	$12,966	+26.0%
Avg 10 T/C Supramax	$30,172	$9,691	$14,638	$16,338	$14,060	+45.1%
Avg 5 T/C Panamax	$25,860	$9,405	$16,913	$16,608	$15,240	+62.0%
Avg 5 T/C Capesize	$22,126	$10,099	$21,866	$17,415	$23,389	+131.6%
Iron Ore W.Aus-China (Cape)	$11.75	$8.35	$10.15	$9.90	$11.15	+33.5%
Iron Ore Brazil-China (Cape)	$31.65	$19.50	$25.35	$25.15	$24.25	+24.4%
Coal Richards Bay-Rotterdam (Cape)	$15.85	$9.20	$10.55	$8.80	$8.20	-10.9%
Coal Bolivar-Rotterdam (Panamax)	$24.70	$11.50	$16.10	$17.00	$13.30	+15.7%
Coal NSW-Qingdao (Panamax)	$28.60	$13.40	$17.70	$17.35	$18.25	+36.2%
12 month T/C Handysize - 30,000	$26,750	$12,000	$14,125	$14,875	$14,250	+18.8%
12 month T/C Supramax - 52,000	$26,750	$13,000	$15,125	$16,000	$15,375	+18.3%
12 month T/C Panamax - 74,000	$27,750	$14,625	$19,625	$18,500	$18,250	+24.8%
12 month T/C Capesize - 180,000	$29,000	$16,500	$27,500	$24,750	$23,950	+45.2%
SSY Atlantic Capesize Index (2/10/89=5,000)	12,186	7,810	10,121	9,063	9,863	+26.3%
SSY Pacific Capesize Index (6/1/97=4,114)	9,414	5,448	6,587	6,252	6,498	+19.3%
380 CST Rotterdam	$682.00	$430.50	$468.00	$485.00	$467.00	+8.5%

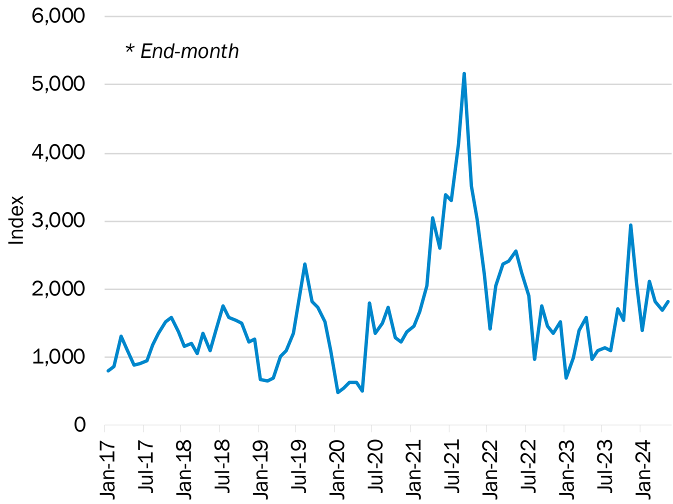
Idle Market

The market has been quite unremarkable over the past month as Capesizes lift the BDI, while the rest of the sizes pressure the market.

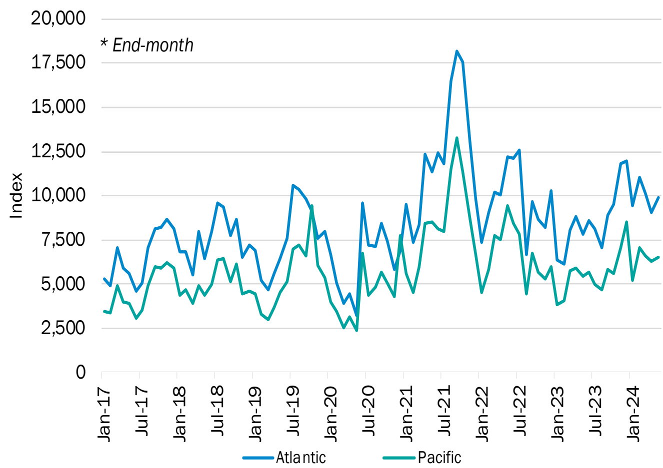
Panamaxes have detached themselves from the Capes and appear to be trending downwards. The Atlantic looks to be the main challenge for Panamaxes, as the round-voyage rate (P1A) for the basin bottomed out at $10,300/day on 5 June, down $5,980/day from the month before and its lowest level since August last year. Demand on the route has been very muted, with little fixture activity. One issue that continues to pressure the market is the lack of Russian cargo in the Atlantic. Affecting both Capesizes and smaller sizes, volumes have been subdued as a result of the coal export taxes set by the Russian government earlier in the year, which have now been removed and is expected to normalise the situation.

Another factor has been US grain exports entering the off-season, with volumes likely to remain subdued until October. While both the concluding and upcoming export seasons for coarse grains and wheat look positive, soyabean exports have been lacking so far in the year. However, the soyabean harvest for the next season appears much better, starting in September and with exports ramping up from October onwards, which should lend more support to the Panamax and geared markets. The Pacific basin appears to be the stronger counterpart for Panamaxes for the time being, as earnings have been trending upwards over the past two months. As of 12

Baltic Exchange Dry Index



SSY Capesize Indices



Dry Bulk Market

June, Pacific round-voyage earnings have converged around the $17,000/day region. With both the fronthaul and trans-Atlantic weaker, the Panamax 5 TC fell $1,377/day m-o-m to $16,780/day on 12 June.

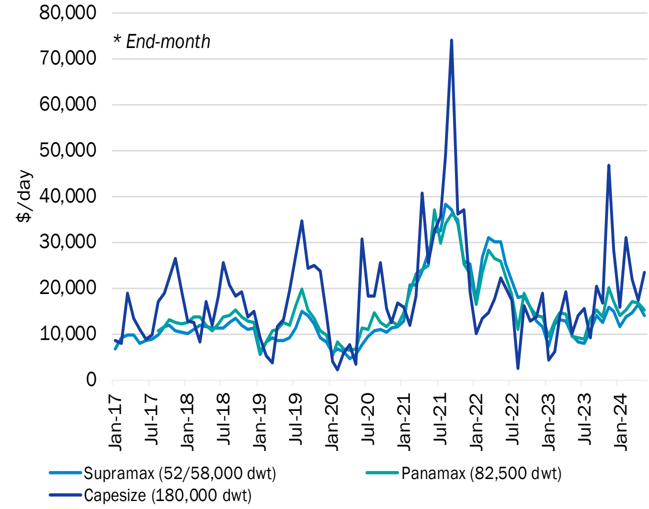
Capesize rates have been ticking up slowly over the past few weeks, owing largely to stronger Pacific and fronthaul earnings. Since the low point on 16 May, an increase of $4,625/day for Pacific C10 and $2,915/day for fronthaul C14 has pushed the Capesize 5 TC up by $1,390/day to $22,608/day on 12 June.

May tends to bring a stronger month for the Capesize Pacific market and this year has been no different. The C10 rose from an average of $22,400/day in April to an average of almost $25,000/day in May. The C5 has been very active and supportive of the Pacific market, with a substantial number of fixtures concluded. However, this strength may not last, as the market may see some downside with the conclusion of the fiscal year for Australian miners.

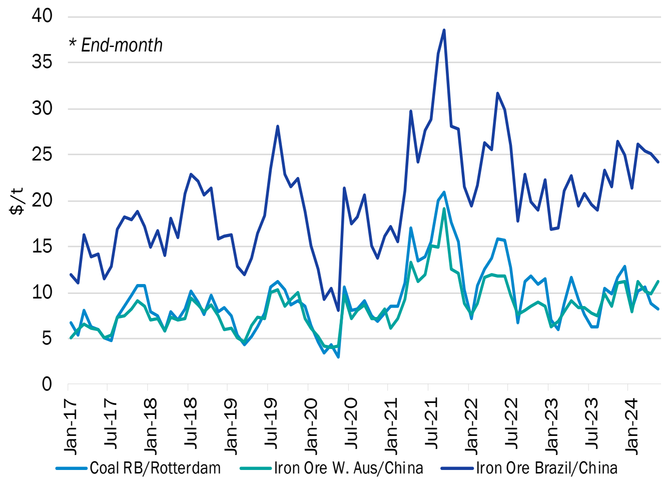
Volumes on the Capesize fronthaul route have so far continued stronger year-on-year. A question for the Capesize market is whether the upcoming Guinean rainy season, which peaks in August, will be stronger this year as El Nino subsides, and whether this will moderate the year-on-year growth we have seen so far in the year. Although it is unlikely that the relatively dry rain season from last year will be repeated this year, the ramping up of additional bauxite mining capacity in Guinea could still support higher exports through the wet season. According to reports, four new mining sites are set to be completed or ramp up operations this year. On top of these, there are also additional capacity improvements made by existing mines. In February, SMB, the leading bauxite producer in Guinea, announced an investment of up to $1 billion to boost bauxite exports over the next five years. The company already expects a 10 Mtpa increase in exports from end-2024 onwards.

For the past month, earnings in the geared segment have converged after a period during which Supramaxes were significantly more expensive than Handysizes. The differential between the two sizes peaked on 13 May with the Supramax 10 TC commanding a $3,724/day premium to the Handysize 7 TC. Increasingly popular Ultramaxes have put the pressure on Panamaxes in recent months. The popularity of the design has grown to now make up almost 40% of the Handymax fleet and 9.2% of the total fleet. For the first time in years, the growth in the Ultramax fleet is set to outpace the growth in the larger Kamsarmax segment this year.

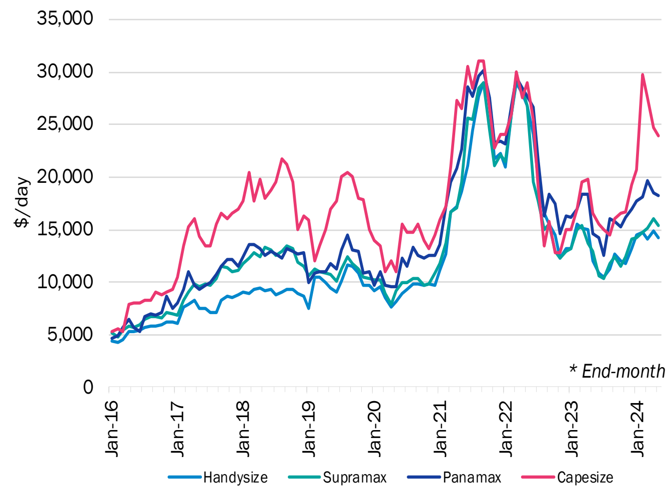
Average of the Timecharter Routes



Capesize Voyage Rates



12 Month Time-Charter Rates



Coal

The Changing Face of Atlantic Coal

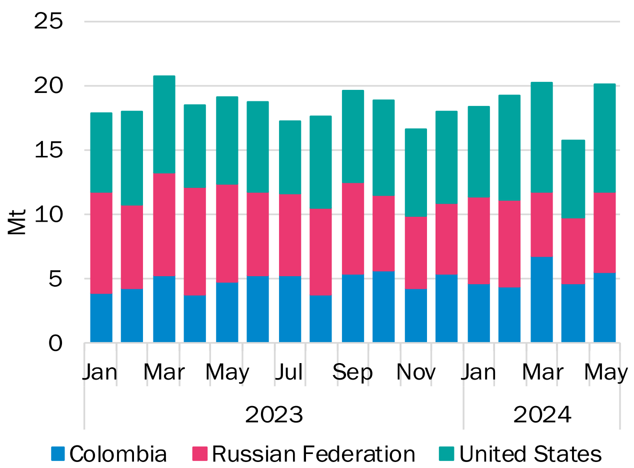
The seaborne coal market is one of the big potential swing factors for the dry bulk freight market in 2024. The levels of Chinese and Indian imports get most of the attention, but the performance of Atlantic coal exports is a close second in terms of importance.

On the face of it, overall export volumes from the US Atlantic coast, Western Russian ports and Colombia (see chart below) are remarkably stable (we here ignore the very modest Canadian coal exports from the eastern seaboard, primarily through the Great Lakes). Total exports from this region for the first five months of 2024 were 94.1 Mt, according to vessel tracking data, marginally down compared to 94.7 Mt during the same time period in 2023.

What is more interesting is the changing trading pattern within that total. In particular, during the first five months of the year, Colombian and US Atlantic coal exports were up 4.1 Mt and 3.8 Mt, respectively, to 26 Mt and 38 Mt, while Russian Atlantic exports dropped a sizeable 8.5 Mt to 29.9 Mt. With the corresponding changes in market shares in the year-to-date, this means the US has now taken the top spot (40% market share) from Russia (32%). Interestingly, this is a continuation of a trend that has been in place since 2021, pre-Ukraine invasion, when Russia had a 41% share of Atlantic exports and the US a lower 32%. Colombian exports, meanwhile, have remained relatively stable both in terms of output and market share (currently 28% YTD).

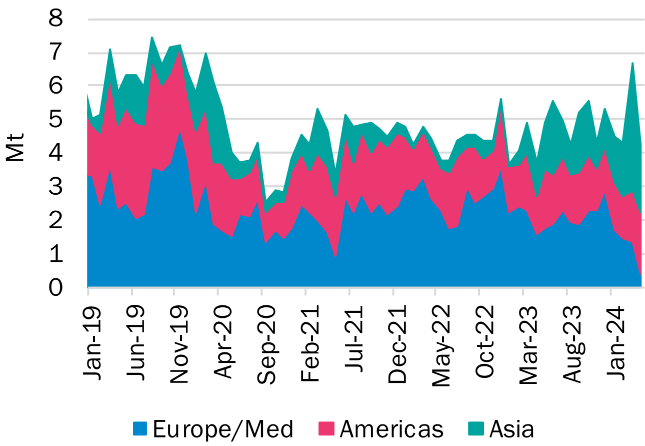
Not only has there been less Russian coal exports from the Atlantic, the destinations are also increasingly regional, with Turkey taking a strong 31% of these exports through May, followed by India (23%), China (13%) and South Korea (3.4%), whereas a year earlier, as much as 30% of Russian Atlantic coal was heading to China and South Korea.

Atlantic Coal Exports by Main Exporter



Source: Signal Ocean, SSY

Destinations for Colombian Coal Exports



Source: Signal Ocean, SSY

Luckily for vessel demand, the corresponding drop in tonne miles from Russian Atlantic coal exports has been offset in part by the changes in the destinations of Colombian coal exports (see chart above). Here, China has taken the top spot for the first five months of 2024 with a 20% market share, followed by Korea at around 19% - a massive shift from the same period in 2023, when China did not even feature among the top-eight destinations and Korea was third with an 8% market share. US exports have a more stable trading pattern in comparison, with India being the main destination with a 28% market share in the year-to-date.

These shifts, of course, reflect in part a return to normality, with European thermal coal imports on the decline after the temporary scramble for energy post-Ukraine invasion and these volumes having to find a home further afield, with Asia being the only obvious taker.

Some market analysts have suggested that the drop in Russian volumes is only temporary and largely due to rail constraints and the Russian coal export duty that was revoked at the end of April, and, moreover, that port capacity expansions in the West will lead to higher volumes going forward. Early indications for June volumes are promising in this regard, though whether this is a sustained trend is too early to call.

Nonetheless, the fact that Russian Atlantic coal exports to ally China have also dropped precipitously should raise some concern among local traders. Should Chinese demand decline in the second half of the year, Russian coal may still lose out in the ensuing price war.

Steel/Iron Ore

The Mystery Hole in China's Iron Ore Balance Sheet

The divergence between growth in Chinese iron ore imports and apparent consumption has been a hot topic of discussion recently. In the first four months of the year Chinese iron ore imports increased to 411.8 mt, up 7.2% yoy, whilst reported crude steel production fell to 342.2 mt, down 4.2% yoy.

In order to get a complete picture of iron ore supply/demand balances in China we also need to account for domestic iron ore production, stockpile changes and re-exports, as well as accounting for differing Fe content from different sources. Yet even accounting for these factors there is an apparent discrepancy somewhere in the data. Based on SSY's assessment there seems to be almost 110 mt 62% Fe equivalent of iron ore unaccounted for on the balance sheet (or around 27 days of consumption), thanks to a significant oversupply of iron ore beginning in Aug 2023,unaccounted for in public stockpile levels.

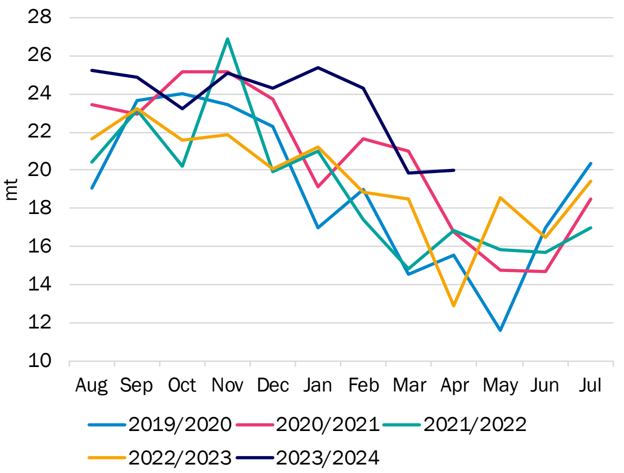
There are several possible explanations for this:

1. Reported domestic production is too high and in reality has been lower.
2. Our assessment of the Fe content of domestic production is too high and in reality it has declined sharply.
3. Reported pig iron production (and implied iron ore consumption) is too low and in reality has been higher.
4. Reported stockpiles are too low and in reality are higher.

Iron Ore Supply/Demand Balance in China with Constituent Parts

Source: SSY, China customs data, NBS

Chinese Imports of Brazilian Iron Ore



Source: China customs data

Whilst domestic data are notoriously unreliable and underreporting in China may have been a significant driver, we want to highlight the strength of Brazilian iron ore imports and the possibility of an increase in off balance sheet inventory levels.

Over the period Aug 23 to Mar 24 Brazilian iron ore imports increased by 25.5 mt to 192 mt, up 15.3% y-o-y, coinciding with the timing of the unexplained divergence in the supply/demand balance. This was by far the highest level ever over this period beating 2020/21 by 10 mt, thanks to improved moisture management by Vale and increasing use of SCCS vessels (which can ship ore with higher moisture content). The increase in imports in customs data is corroborated by vessel movements data.

Industry standard stockpile data come from a sampling of the main ports around China – in our case 42 ports. Stockpile levels at these 42 ports reached almost 147 mt at the end of April, the highest since Apr 2022 and up 36% from the recent low in Oct 2023. Whilst these inventory figures are usually representative it is clearly possible that there has been a recent increase in stockpiles not covered by these data.

Considering the increase in imports over the time period in question comes mainly from growth in Brazilian imports (55% of the incremental y-o-y growth in Aug 23 to Mar 24 with the rest coming from India, Australian imports fell slightly, offset by gains elsewhere), the obvious candidate for stockpiling would be Vale facilities in China. We have no conclusive evidence for this, however, and reports suggest the inventory levels at blending facilities are usually relatively small.

Nevertheless, the story of increasing Chinese imports feeding stockpiles rather than increasing consumption would resonate with similar stories in other commodities such as crude oil and copper.

Grains

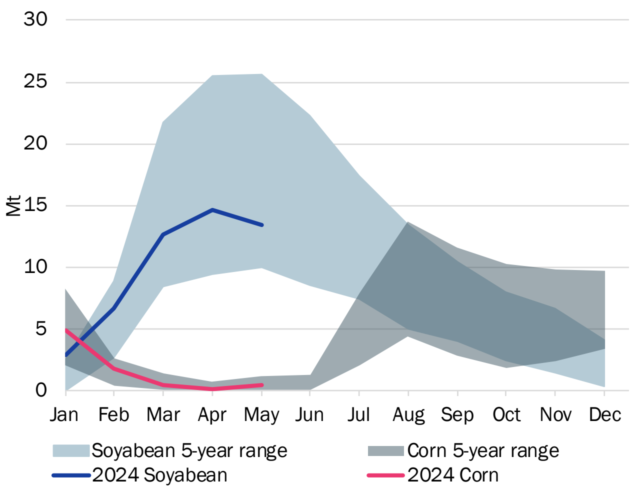
Unprecedented Floods in Southern Brazil

The end of April saw unprecedented rainfall in Brazil's Southern state of Rio Grande do Sul (RDGS) that lasted into May, resulting in the worst flooding in the region for 80 years. The floods have led to tragic losses of life, alongside destruction of infrastructure. While the extent of production loses and damage to storage facilities remain unclear, delays to exports can cause extra pressure on the country's logistics infrastructure. The impact on farmers, both to assets and financial, will also affect planting in the second half of the year.

The flooding initially caused RGDS's major port Rio Grande to impose a temporary draft restriction in early May. While this initially had a negative effect on sentiment for freight earnings, the ability to ship volumes out of other ports in the region limited the impact. However, as illustrated in 2H23, Brazil's export logistics can be sensitive to volumes spilling over into the next export season, putting pressure on the supply chain infrastructure. Hence, delays to soyabean exports this year may increase this pressure later in the year as corn and sugar exports also ramp up.

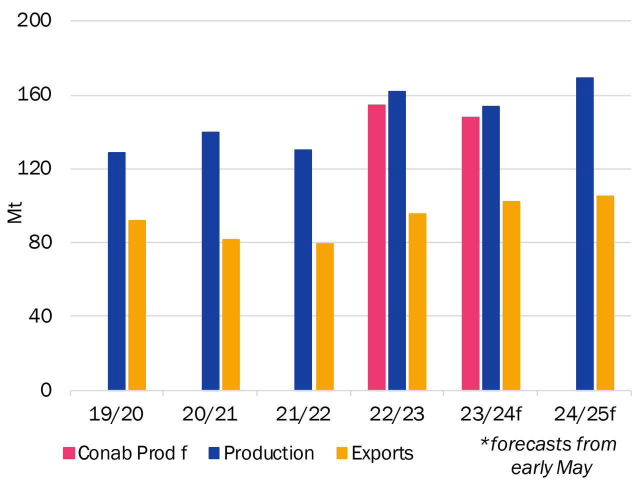
Before the floods in early April, the Brazilian agency Conab had estimated RGDS to produce 68% more soyabeans this season, at around 22 Mt, and to regain its position as the second largest producer after Mato Grosso. The southernmost RGDS state suffered similar drought conditions as Argentina in the prior two years, linked to the La Nina weather pattern. The change to El Nino had boosted hopes of the region's return, especially as dryer conditions in northern Brazil hampered production in the largest producer Mato Grosso. Conab had made cuts earlier in the year to its forecast as a result of the drier conditions. However, in the most recent May projection, production was raised 1.2 Mt m-o-m to 147.7 Mt 2023/24, but the organisation did highlight that losses from the flooding in RGDS have not been fully accounted for. While Brazil's shipments in the market year (Oct-Sep) to date are already 7.6 Mt above last year, exports recorded a 2.1 Mt year-on-year decline in May.

Brazilian Soyabean and Corn Export Seasonality



Source: Customs data

USDA Soyabean Production Exports



Source: USDA/Conab

While the full extent of the damage is unknown until harvests are completed and yields are evaluated, Reuters reports of private forecasts currently estimating expected soyabean loses between around 2.8 Mt and 3 Mt. According to Conab, Brazil has completed 98% of its soyabean harvest as of 2 June, lagging 1% behind the same time last year. However, within this, harvesting in RGDS is 6% behind last year at 90% complete, as damage to infrastructure complicates moving crops out of fields. With Brazilian soyabeans accounting for 60% of Chinese imports last year, the availability of Brazilian soyabean exports will directly impact US soyabean exports later in the year. The flooding will also impact Brazil's domestic crushing, and at 15% of the country's production, this will have ramifications for exports that averaged 1.8 Mt/month last year.

RGDS is also Brazil's largest first-season corn producer, for which harvesting is typically completed by June. The floods have resulted in delays to corn harvesting and risks to yields. However, Brazil's first corn crop is only responsible for around a fifth of the country's total production, limiting the total impact on the international market.

According to Conab, RGDS was responsible for 40% of Brazil's wheat production in 2023/24, with harvesting already been completed by late 2023. As Brazil is a net wheat importer, the negative impact on vessel demand should be limited. However, as Brazil usually imports wheat from Mercosur, increased demand may raise inbound shipments from further afield, as imports from Russia already began to increase in 2023.

Fleet Developments

Ultramax Dominance

The 45-70 kdwt Handymax segment continues to be the most popular in terms of fleet development. So far this year the Handymax fleet has grown by 4.2 Mdwt, or 1.8% since the start of the year. A total of 17 new vessels were delivered in May alone (15 of which were Ultramaxes), the highest for the segment since Jan 2023, and only 2 vessels were removed from the fleet.

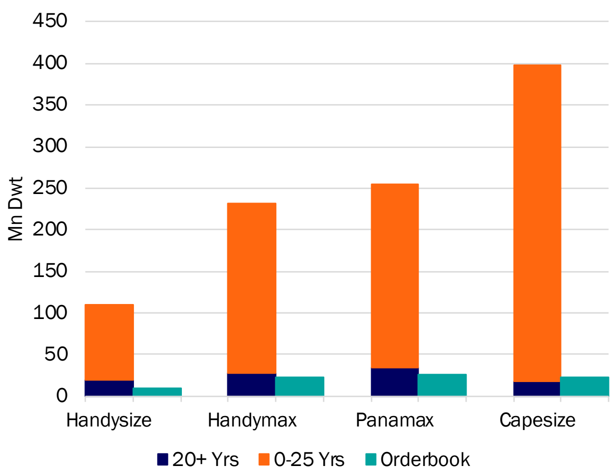
Fleet growth for other vessel sizes have run at a lower rate. There were 9 Handysize vessels delivered in May, 11 Panamaxes and just 1 Capesize. Scrapping levels remain very low, with just 3 Handysize vessels demolished in addition to the 2 Handymaxes. No Panamax or Capesize vessels were scrapped, in fact only 5 Panamaxes and 3 Capesizes have been scrapped so far this year. Net fleet growth for May reached:

- 270 kdwt for Handysizes
- 935 kdwt for Handymaxes
- 920 kdwt for Panamaxes
- 211 kdwt for Capesizes
- 2.3 Mdwt Total

Handymax vessels also continue to be the most popular in terms of newbuilds, with 31 new contracts signed in May, all but one in the narrow 63.5-65 kdwt Ultramax range. That brings the total orderbook for 45-70 kdwt vessels to 23.3 Mdwt, covering 85% of the 20+ year old fleet. Only the Capesize segment surpasses this coverage with an orderbook of 22.6 Mdwt compared to 17.2 Mdwt 20+ year old vessels.

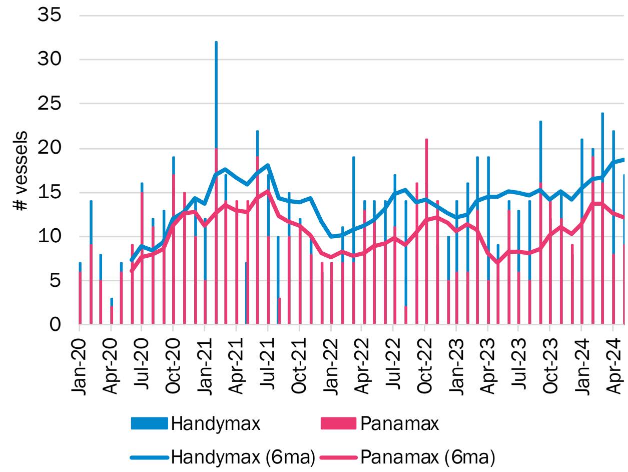
The interest in Handymax vessels is matched in the SnP market where 17 vessels in the 45-70 kdwt range changed hands in May, compared to 9 Handysizes, 9 Panamaxes and 7 Capesizes. So far this year 104 Handymax vessels have been sold on the SnP market, up 35% yoy.

Orderbook vs Fleet Age



Source: SSY, IHS

Secondhand Handymax Sales vs Panamax Sales



Source: SSY

Whilst all vessel values have been on their most recent upward trend since mid-2023 most bulker sizes seem to have taken a pause the past few months. SSY's assessment of 5-year-old prices for Capesizes and Handysizes have not moved since March, Panamaxes have stalled the last month, leaving Handymax values the only one to show growth in May at 0.7% m-o-m to $35.5 million.

This price is based on an Ultramax vessel and reflects the current popularity for these, particularly in relation to the representative Panamax price, which is currently based on a Kamsarmax vessel design. Indeed, the current Handymax assessment represents 95% of the value of a Panamax, compared to an average of 73% throughout 2020.

Throughout that year an average of 11 Handymax vessels per month traded on the secondhand market compared to 10 Panamax vessels. In 2021, secondhand interest diverged sharply with 14 Handymax vessels per month on average and 11 Panamax vessels trading.

This divergence in interest widened in 2023 and has also been reflected in the newbuild market. In 2023, 179 new Handymax vessels were ordered, the vast majority in the Ultramax size band, whereas only 158 new Panamax vessels were ordered (mostly Kamsarmaxes).

Since the most recent wave of Kamsarmax deliveries back in 2019-2020, 2024 is set to be the first year where growth in the Ultramax fleet will outpace the growth in Kamsarmaxes.

At the moment a newbuild Ultramax will cost $38.25 million, whilst a newbuild Kamsarmax will cost around $41.00 million. Both of these assessments are based on Japanese yards.

Economy

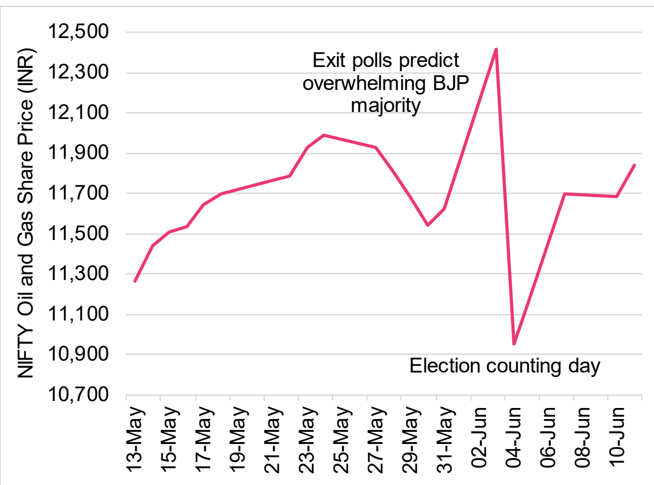
India Elections 2024: A Continuity-Change Tradeoff

The recent 2024 Indian Elections generated a lot of market anxiety as the BJP was unable to gain a majority and will have to rely on its coalition partner, the National Democratic Alliance (NDA) to form a new government. Historically, coalition governments in India have faced challenges in maintaining a consistent policy direction due to the need to balance diverse interests, resulting in a more moderate and potentially unstable policy environment. The impact was quickly felt by the Indian stock markets which plummeted post-election, particularly once it became clear that Modi's BJP could not form a majority government. One of the reasons Modi was able to implement fiscal policies that drove India's economic growth over the past ten years was that his party had a simple majority and did not have to worry about being challenged by a coalition partner on legislative decisions.

The immediate market reaction to a BJP-led coalition government is likely to be cautious optimism, reflecting expectations of policy continuity but tempered by the potential for slower decision-making influenced by coalition politics. Investor sentiment will depend on the coalition's ability to maintain a coherent economic agenda. Long-term economic growth projections may be slightly lower than under a majority BJP government, with the UN forecasting a GDP growth rate of around 6.9% pre -election.

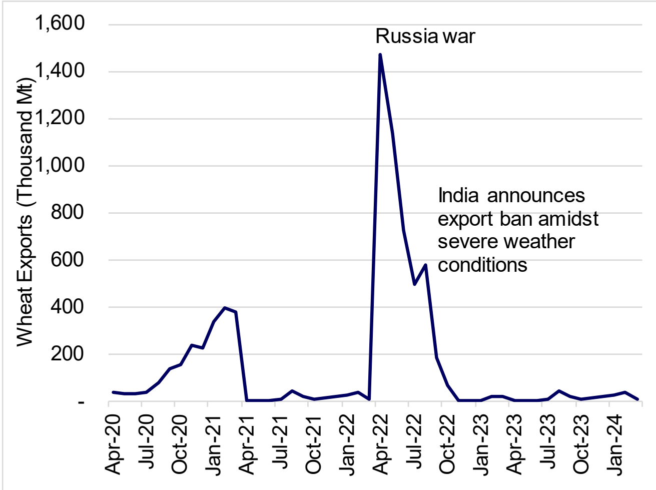
The continuity of trade policies and projects hinges on trade agreements already forged by the Modi-led government, particularly with the Middle East and Europe. As India's economic growth is dependent on energy, especially crude oil, India's role in global energy governance can have a notable impact on geopolitics and hence trade. India's energy import dependency is significant, with the country importing about 233.3 Mt of crude oil in FY 2023-24, according to data from the

NIFTY Oil and Gas Index Share Price



Source: NIFTY Indices

Indian Wheat Exports



Source: APEDA

Petroleum Planning and Analysis Cell (PPAC), with a majority of imports from the Middle East followed by Russia. The importance of domestic politics in this regard was clearly illustrated by the NIFTY oil and Gas Index recording an intraday decline of 12% on 4 June (i.e. the election counting day). Due to the high value of crude oil and the consequent long-term planning required for trade, the continuity of the government comes as a welcome stabilising force.

Agricultural commodities have always been a sensitive sector in Indian politics and, as exemplified by the farmers' protests in 2021, have the power to influence legislation. The wheat export ban introduced in May 2022 was expected to reduce soaring domestic prices by increasing supply. However, this reduction in prices did not take place. Exacerbated by adverse weather conditions in India, production of wheat took a hit, leaving a gap in domestic supply. The Roller Flour Millers' Federation of India recommends that the government ease import restrictions after June and until October (wheat planting season) to satisfy domestic markets without damaging the prospects of Indian producers. However, this will happen only if the new coalition government decides to soften protectionist trade policy, which is more likely now due to the addition of more non-BJP voices in the decision-making process.

The 2024 Indian Elections, resulting in a BJP-led coalition government, has introduced a period of cautious optimism and potential policy moderation for the country. The stability provided by the continuity of trade policies, particularly energy imports, is crucial given India's dependency on crude oil. However, sectors like agriculture, with their sensitivity to domestic politics and susceptibility to external shocks, might benefit from the diversified decision-making process of a coalition government. Ultimately, the success of the new government in maintaining economic stability and growth will hinge on its ability to manage internal coalition dynamics and external economic pressures effectively.

Oil Markets

OPEC+ Extends Oil Output Cuts, While Saudi Arabia Decreases Selling Prices

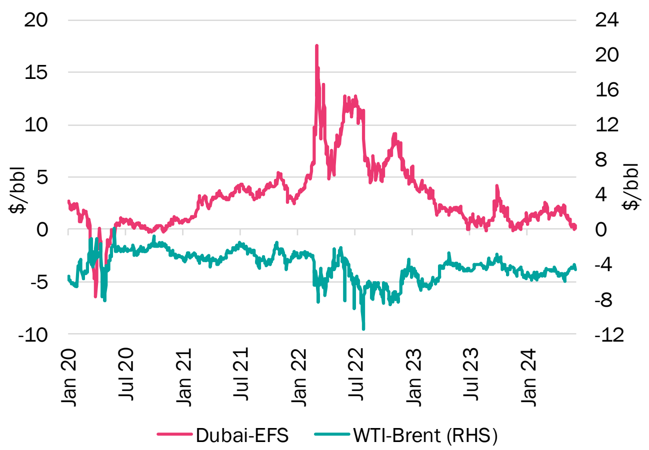
The OPEC+ coalition will extend its oil output cuts into 2025 amid sluggish demand growth, higher global interest rates and strong US oil production. The coalition will prolong cuts totalling 3.66M b/d until the end of 2025, while additional voluntary cuts implemented by eight members of 2.20M b/d are now set to expire at the end of September 2024. The decision has altered the price relationship between various benchmark crude futures and that could influence tanker trade flows.

The Brent-Dubai oil price spread had narrowed to $0/bbl at the end of May (for the first time since November 2023) on expectations that OPEC would extend its oil supply cuts. Once the announcement confirmed this, the Brent-Dubai spread shifted to average $0.44/bbl in the first decade of June and whilst slightly elevated from end May, the narrower spread remains conducive for the longer-haul movement of Atlantic Basin crude to Asia.

There has been increased pressure for OPEC+ members to pump within their quota allowances and compensate fully for overproduction in previous months, highlighted by Iraq outlining a staggered plan to rein in its output over the remainder of the year. Iraq has differed the majority of its compensation into the final quarter of 2024 to ensure sufficient fuel supply to meet elevated summer power needs. Moreover, increased direct crude consumption as we enter summer may weigh on the export volumes of MEG crude headed to Asia, and it has been reported that higher insurance costs on shipments from the Middle East have been adding further pressure to refining margins in Asia that have already weakened, especially for diesel.

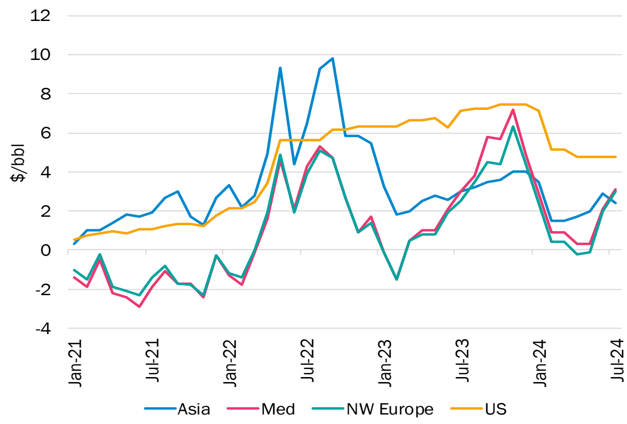
Meanwhile, Saudi Arabia will cut its official selling price (OSP) for July-loading Arab Light crude shipments to Asia by $0.50/bbl to $2.40/bbl above the Oman-Dubai oil price quote, it announced on 5 June. This is the first price cut in five months. The OSP for Arab Light shipments to both the Med and North West Europe was increased by $1/bbl to $3.10/bbl and $3/bbl respectively versus Brent, which is the highest so far this year, while shipments to the US remain at $4.75/bbl above the Argus Sour Crude Index for the fourth consecutive month. Despite the OSP cut, Saudi crude oil exports to China in July are expected to fall, declining for the third month in a row to 36M barrels, amid refinery maintenance and as some Asian refiners are switching towards different sources of cheaper oil, such as the USG, South America and West Africa, Reuters reported.

Crude Oil Price Spreads



Source: LSEG

Saudi's Arab Light Crude OSP



Source: SSY

More recently, China has reportedly increased the volume of crude moving into its storage facilities. Reuters estimated roughly 830K b/d was added to China's commercial or strategic stockpiles in April, up from 790K b/d in March. Preliminary indications suggest the pace of crude stockpiling continued to pick up in May, primarily due to peak seasonal maintenance, but also amid weaker refinery margins which have already dampened throughputs. Several state-owned refiners have reportedly been trimming refinery processing despite the heavy regional maintenance already taking place amid the weaker refined product environment, while attempts by some companies to boost sales by cutting domestic prices have further dampened margins, according to newswires.

With crude prices potentially now set to be further supported by the extension of OPEC+ production cuts into 2H24 this has the potential to weigh on the boost to import demand generated by the return of Asian refinery capacity from peak maintenance season. Still, the International Energy Agency (IEA) forecast China's refinery runs to rebound by 800K b/d q-o-q to a record 15.5M b/d in 3Q24, and now anticipate the 400K b/d Yulong refinery will be commissioned earlier than expected in mid-2H24, which should provide support to crude tanker trade into Asia once online.

Tanker Market

VLCC Earnings Strengthen Amid Firmer Atlantic Basin Demand

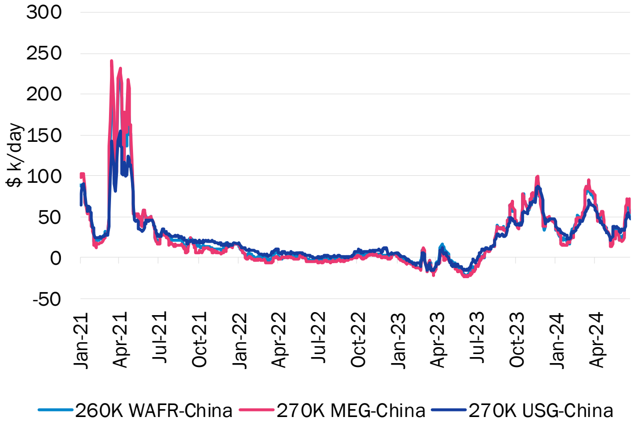
The VLCC market strengthened through May, with earnings for MEG-China voyages averaging the highest since November. Again, the Atlantic Basin has been a significant driver of this strength, with a consistent supply of cargoes emerging from the USG and Brazil amid supportive arbitrage economics for shipments to Asia (the Brent-Dubai spread fell to its narrowest level since 1H December in late-May). This pulled ships away from the East, generating tonnage supply squeezes in the MEG and leading to periods of sudden strength to rates. A jump in enquiry in end-May lifted the monthly MEG cargo count to the highest since March 2023 at 165 loadings, up from 156 in April. While the smaller crude sectors were comparatively steady m-o-m, earnings for these sizes remained historically firm, receiving underlying support from continued trade flow volatility and geopolitical uncertainty.

The East of Suez product tanker market strengthened in May, with benchmark MEG-Japan LR2 returns averaging a three-month high of $58,200/day. Of note, MEG-UKC LR2 earnings also surged to a record high of $86,500/day, up from $66,400/day the month prior, benefiting from maintained westbound demand and the continued diversion of cargoes via the COGH, while further support was provided by firmer conditions in the Far East which slowed the rate ballasters were heading back to the MEG. But the Atlantic Basin markets have been weaker in comparison, with rates coming under pressure from the influx of tonnage arriving in the region from the East. Of note, USG-UKC MR earnings averaged just $15,200/day, the lowest since October, with further pressure coming from a decline in distillate exports.

VLCC: After bottoming at W58.5 ($16.04/t) in end-April, MEG-China rates built to W74 ($18.99/t) by mid-month, lifting earnings from $26,900/day to $47,300/day, the highest since 2H March. Support was provided by firmer conditions in the Atlantic which pulled vessels away from the MEG. Several prompt replacement requirements provided owners with further momentum, however enquiry eased as the month came to a close, and with a healthy number of eastern ballasters stocking up the tonnage list TD3C steadily retreated to W52.5 ($15.19/t) by early-June. This pushed earnings back down to $26,800/day, the lowest since January.

WAFR-China increased from W66 ($23.65/t) start-May to W75 ($26.88/t) near mid-month, bolstered by consistent fixing from the wider Atlantic Basin, with a steady wave of enquiry from Brazil helping to keep tonnage supply in check for WAFR loadings. Earnings increased from $36,600/day to $48,100/day, however this momentum eased into 2H May in line with softer conditions across the wider VLCC market. TD15 gradually eased back to W58 ($20.79/t) in early-June where rates then stabilised, offering owners returns of around $30,900/day.

VLCC Spot Rates



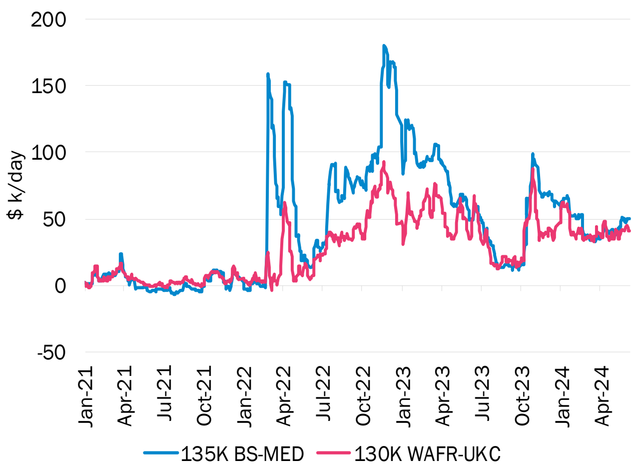
Source: SSY

AVERAGE MONTHLY TCE

Assessments ($/day) *now inc allowances for ECA zones*

Dirty	May	April	2023
270K MEG-China	40,503	30,961	34,464
270K USG-China	43,510	34,660	37,314
130K WAFR-UKC	39,249	39,109	42,434
135K Bsea-Med	43,758	39,273	63,176
70K USG-UKC	39,233	41,697	42,930
80K Indo-Aus	37,414	32,280	41,515
80K UKC-UKC	46,024	38,805	48,123
Clean			
75K MEG-Japan	58,159	43,526	32,503
55K MEG-Japan	45,794	37,802	26,697
37K UKC-USAC	20,005	17,901	20,054
38K USG-UKC	15,234	18,416	11,632
30K SEAS-Aus	37,678	33,036	24,960

Suezmax Spot Rates



Source: SSY

Tanker Market

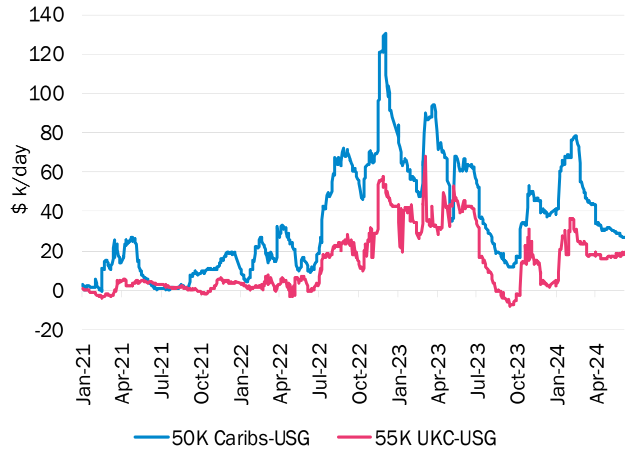
USG-China rates steadily rose from $8.55M lumpsum in end-April to $9.85M in 2H May, with earnings building from $35,000/day to $47,900/day. A consistently tight supply of tonnage in the Atlantic Basin allowed owners to gain momentum, and a steady amount of enquiry for both USG-East and USG-TA runs was also reported. But sentiment softened towards end-month after a group of fixtures failed and market enquiry eased, allowing tonnage supply to replenish. As such, TD22 fell to $8.5M lumpsum by early-June, with earnings at $36,400/day.

Suezmax: WAFR-UKC rates fluctuated between W100-110 ($24.01/t-$24.73/t) in much of May, with earnings remaining largely stable compared to April at around $39,200/day. Despite periods of elevated activity in WAFR during 1H May softer Suezmax conditions in the USG prevented owners here gaining much traction. By end-month support was provided by a firm Med Aframax market in as well as some prompt WAFR requirements, and this briefly lifted TD20 earnings to $45,000/day (W110,$26.52/t). But a pullback in activity and softer conditions in the surrounding regions meant rates were unable to hold at this level, and rates fell to W107.5 ($18.45/t) by 1H June, offering returns of $40,400/day.

Black Sea-Med gradually eased from W115 ($10.74/t) start-month to W110 ($10.27/t) in early-May, where TD6 then held until mid-month due to limited activity taking place. Earnings held around $38,500/day, but a tightening of tonnage helped lift levels to W125 ($11.68/t) in 2H May, with a firm local Aframax market providing ample opportunity for Suezmaxes to take cross-Med and CPC Aframax stems. The support provided by the Aframaxes eased into end-month, steadying owners' momentum, and as such rates held at W125 ($11.68/t) in 1H June, with earnings at just under $50,000/day.

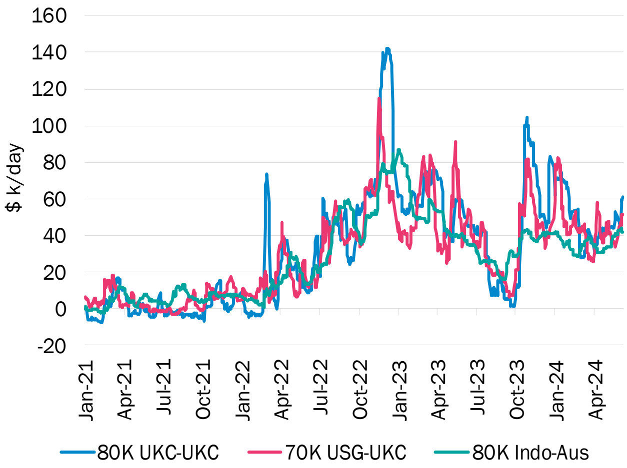
Aframax: Cross-UKC rates steadily built from W142.5 ($11.53/t) at start-month to W155 ($12.54/t) in 2H May, lifting returns from $42,400/day to $52,600/day, supported by a steady flow of cargoes as well as firm

Panamax Spot Rates



Source: SSY

Aframax Spot Rates



Source: SSY

Mediterranean and USG markets which pulled tonnage away from NW Europe. Competition from the larger crude sectors meant TD7 stabilised at W150 ($12.14/t) into end-month. But owners were then able to push rates to W172.5 ($13.96/t) by 1H June, lifting returns to the highest since early-February at $61,100/day as tonnage remained in tight supply and activity picked built.

It was a very active start to the month in the USG, with USG-UKC climbing from W180 ($37.8/t) to W200 ($42/t) as a surge in enquiry cleared out the tonnage list, with most enquiry taking place for transatlantic runs. Earnings rose from $40,300/day to $47,600,day, but TD25 corrected to W165 ($34.65/t) mid-month as a pause in activity allowed tonnage to build. Enquiry picked back up across 2H May as a decline in the number of VLCCs fixed for voyages to Europe with June Laycans freed up more barrels for the Aframaxes. This lifted rates to W235 ($49.35/t) and earnings to $60,500/day by 1H June.

Indo-Aus held at W155 ($24.1/t) in 1H May. Tonnage supply and activity fairly was fairly balanced, however a steady ramp up in enquiry, primarily for short-haul runs, gradually allowed owners to obtain momentum. TD14 began to firm from mid-month and peaked at W177.5 ($27.6/t) by early-June, lifting earnings to $44,400/day. Regional support was provided by vessels ballasting away from the East to the firmer Atlantic/Mediterranean markets, however charterers were able to slightly slow owners' momentum by fixing away ships off market, and as such rates eased to W172.5 ($49.35/t) by mid-June.

Panamax: May was the softest month for Caribs-USG since last October, with earnings averaging $30,000/day. Rates steadily retreated from W195 ($17.78/t) to W175 ($15.96/t) by early-June, with earnings falling from $31,400/day to $27,000/day, the lowest since October. A pick up in Venezuelan cargoes during the month failed to offset a decline in regional Mexican shipments.

LR: After starting May at W205 ($49.59/t) MEG-Japan

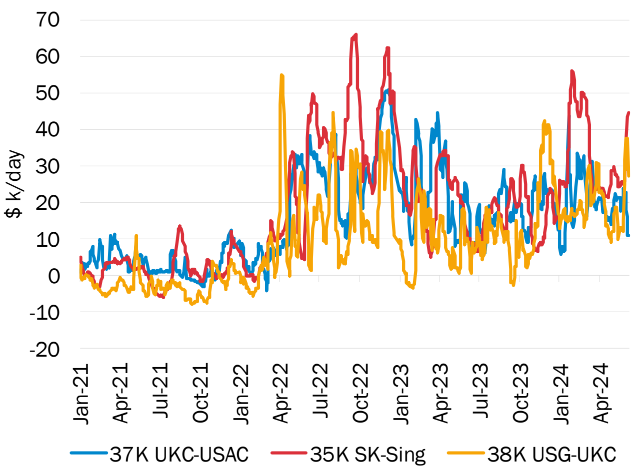
Tanker Market

LR2 rates firmed across most of the month before eventually peaking at W270 ($65.31/t) in 2H May, with earnings increasing from $46,500/day to $70,600/day. Ongoing support was provided by heightened levels of westbound fixing which continued to generate tonnage supply tightness within the MEG and allow owners to gain traction. This progress stalled from June however, with TC1 falling to 190 ($45.96/t) as charterers began to hold back enquiry in order to allow a natural replenishment of tonnage. LR1 MEG-Japan rates eased from W225 ($54.43/t) to W210 ($50.8/t) in early-May amid a comparatively slower pace of activity due to several regional holidays taking place. Earnings fell from $38,500/day to $34,700/day, but TC5 steadily firmed in 2H May following a surge in cargo supply and with equally firm LR2 and MR markets providing further support. Rates peaked at W295 ($71.36/t) end-month, before easing to W240 ($58.06/t) in early-June as tonnage replenished and wider market sentiment eased.

MR: After starting the month at W165 ($26.17/t) UKC-USAC rates firmed through mid-May to peak at W200 ($37.12/t) due to a rush of demand combined with a tight tonnage list. Earnings rose from $15,300/day to $22,300/day, however rates then pulled back to W175 ($27.76/t) towards end-month as demand slowed, allowing vessel supply to build. TC2 spiked to W207.5 ($32.91/t) by end-month as a surging USG market provided support. But this failed to be maintained and rates tumbled to W140 ($22.2/t) in early-June, forcing earnings to the lowest since January at $11,000/day.

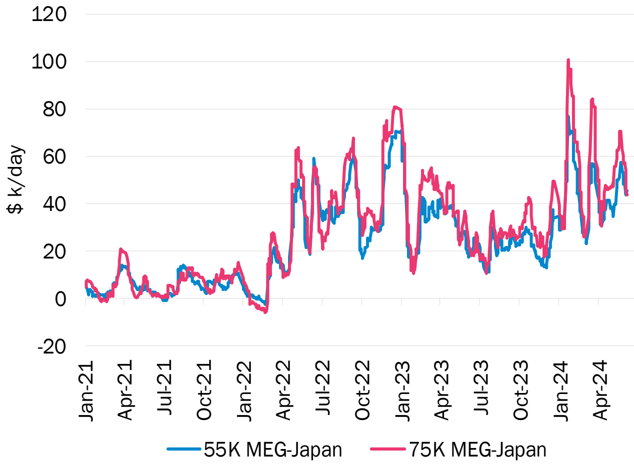
USG-UKC firmed from W132.5 ($29.18/t) to W175 ($38.54/t) in 1H May, with earnings rising from $10,200/day to $18,800/day as a depleted tonnage list combined with an uptick in shipments, primarily to Mexico, the Caribbean and WC South America. While enquiry eased mid-month and briefly pushed TC14 back to W130 ($28.63/t), a rebound in cargo supply following the Memorial weekend caused rates to jump as position lists remained short. As such, TC14 jumped to W267.5 ($58.9/t) in early-June, with earnings reaching the highest since December at $37,500/day, but this failed to hold and rates then tumbled to W175 ($38.54/t).

MR Spot Rates



Source: SSY

LR Spot Rates



Source: SSY

South Korea-Singapore rose from $950K lumpsum to $1.02M in early-May as owners' sentiment received a boost from anticipations of China's upcoming second round of oil product exports quota allocations for 2024, while strong levels of regional activity helped to thin ship supply. Earnings rose from $26,200/day to $29,700/day, but TC11 retreated across mid-month amid an increase in competition from LR2s as well as a brief slowing of cargo supply, with rates bottoming at $900K in 2H May. But a steady flow of enquiry continued to chip away at tonnage, allowing owners to push TC11 to $1.35M by 1H June, offering returns of $44,700/day, the highest since March.

Period: On the DPP side, a significant number was reported for a eco-scrubber fitted VLCC on subjects for three years at $54,500/day to a major European oil company, the result of which is still pending but if concluded it would be a fresh benchmark. Additionally, a 2014-blt scrubber-fitted VLCC was fixed for 12-18 months at $55,000/day to an oil major. Suezmaxes saw a market quote to a Chinese oil company being concluded for 3 years at $42,000/day on a 2020-blt non-scrubber fitted vessel. The Aframaxes were less busy, with not much to report on the TC front. On the CPP side, a 2011-built scrubber-fitted LR2 fixed for 12-15 months at $43,000/day to a Middle Eastern oil company, while a trader relet newbuild scrubber-fitted unit also fixed for 12 months at $55,000/day to an operator. A short TC for 3-6 months was reportedly fixed to a trader in the low $30,000/day region on a 2007-built LR1, while a significant bout of TCs were fixed on the MRs, including a 2023-built unit fixing for 18 months at $32,000/day to a US oil major. A 2021-built MR also fixed for 2+1 years at $31,000/day to an operator. In addition, a large number of shorter term spot related deals were also concluded.

Chemicals

Asia-USG Rates Gain as Chinese Demand Slows

Activity was mixed in May with rates strengthening along the Transpacific east route. In the Americas, spot requirements along the Caribs lane were limited but consistent. Notable movements included naphtha to Barranquilla or Santa Marta and jet fuel to Tuxpan. Caustic shipments were active as were ethanol and lubes.

To South America, the market was slow with space limited throughout much of the month. Caustic and MEG contract volumes to Brazil remained firm however spot activity was subdued. 4,000t UAN was quoted Donaldsonville/Rio Grande for late-May while avgas was quoted Houston or Pascagoula/Argentina for June. Northbound, spot activity consisted of smaller BTX cargoes out of Brazil and Argentina while larger stems of SBO, molasses and vegoil were also noted.

The Transatlantic east lane was active with methanol, ethanol, molasses, caustic, EDC and more were seen quoted to the Continent and Med. Smaller parcels studied included styrene, MEG, ethanol and chems. Notable large cargoes seen include two 30,000t biodiesel stems covered Argentina/ARA and a 30-35,000t MEG cargo looking to fix USG/Egypt. Despite a flurry of activity, available tonnage increased putting downward pressure on rates.

To Asia, spot activity was thin and rates fell as owners struggled to fill part space. MEG was prominent with 40-45,000t fixed Corpus Christi/China for June dates and another 20,000t looking to move USG/Yangtze. Smaller volumes of ethanol and HMD were also noted. Similar conditions were seen to India where spot activity was thin, driven by base oils.

From Europe, the Baltic lanes were steady in May, supported by a myriad of fixtures of PX, HVO, naphtha, and molasses. Lubes and CPP were also active, with cargoes being circulated for end-May. Biofuels continued to dominate the southbound lane with enquiries for sunflower oil, bio-tallow, and HVO seen. Several shipments of xylene, toluene, base oils, FAME, and bio-tallow + UCO were also noted. Northbound, the market was balanced with persistent interest in methanol, pygas, FAME and base oils.

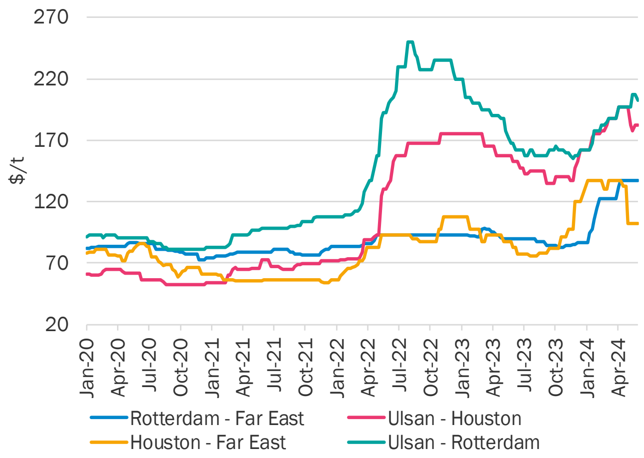
The Europe-Asia lane was quiet with few enquiries seen in May and activity largely comprised of base oils, veg oils and SBP shipments destined for ports in Singapore, China and Thailand. Similar conditions were seen to India where vegoils was one of the few active commodities.

In NE Asia, activity was subdued amid heavy turnarounds and muted demand with smaller parcels of toluene, acetic acid, phenol, MEC and styrene garnering interest in May. Demand was firm southbound, driven by caustic, MTBE, base oils, and toluene. 18,000t base oils fixed 2p Korea/WC India while multiple sulphuric acid cargoes fixed to EC India in the low to high-$50's/t range. Conversely, the northbound lanes were softer in May with benzene stems of various sizes into China driving activity.

Asian export activity was steady in May with 40,000t BTX fixed Korea + Taiwan/USG to kick off the month and interest to move a similar sized cargo emerging late in the month for early-July dates. Other large stems included UCOME, sulphuric acid, palm oils, biofuels and PX, all of which lent support to stronger rates. To Europe, biofuels, sulphuric acid and palm oils comprised the bulk of activity while smaller lots of acetone and octene were quoted.

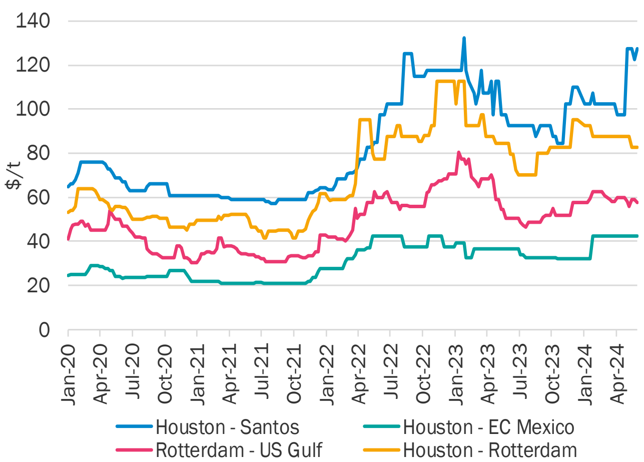
Palm oil was busy with interest to move stems to India, the Med and the Caribbean. Increased palm oil production and disruptions in Southern Brazil led to stronger export volumes to India and China, with rates to China firming amid limited space.

5,000t Easy Chemical Spot Rates



Source: SSY

5,000t Easy Chemical Spot Rates



Source: SSY

Offshore

What to Expect of High Season in the North Sea

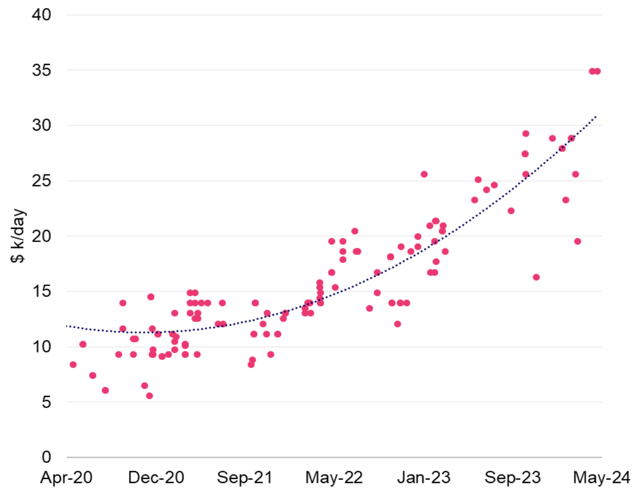
Market Conditions

Historically, the summer months have provided the best returns for OSV owners in the North Sea due higher activity levels as several offshore operations in the North Sea are highly weather dependent. The North Sea's harsh weather conditions often drive increased demand from operators, especially with current oil prices around $80 per barrel. In the UK, the Windfall Tax has cast a shadow over the oil and gas industry for the past year. Several Final Investment Decisions (FIDs) have been delayed, and activity has fallen short of the high expectations set for 2023. Despite this, there remains solid demand, bolstered by robust activity on the Norwegian Continental Shelf. This year, activity on the Norwegian Continental Shelf is expected to be significantly higher than last year, with 40-50 exploration wells projected to be drilled, up from 34 in 2023. Notably, 10 of these wells are anticipated to be in the Barents Sea, compared to just one last year. As most AHTS and PSVs have their main port on the West Coast of Norway, the mobilization to the Barents Sea require significantly more vessel days as vessels must embark on a 3-5 day journey north before being ready for their tasks.

AHTS

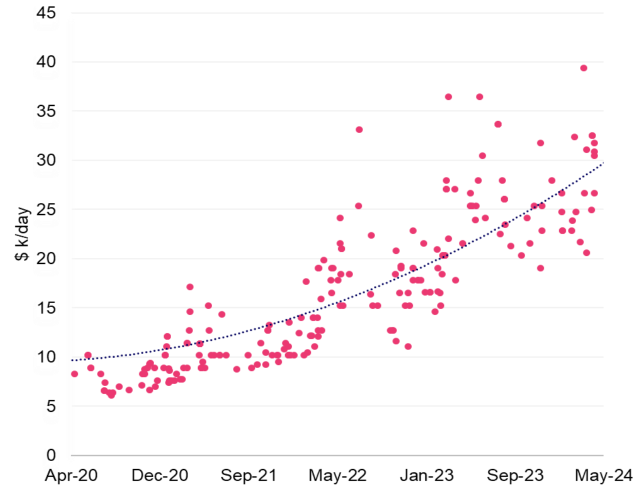
At the end of May, one AHTS fixture exceeded the NOK 1 million/day ($93,776/day) mark. Currently, there are four AHTS promptly available in Norway and the UK combined. Increased demand from other regions has limited the available North Sea AHTS supply. Last year's rates were less favourable compared to 2022, when the AHTS spot market in the North Sea averaged well above NOK 1 million/day ($93,776/day) during June and July.

Norway PSV Term Rates



Source: SSY

UK PSV Term Rates



Source: SSY

Despite higher activity levels this year and reduced supply, it is still unlikely that 2022 levels will be reached. Maersk has decided to position eight of their AHTS in the North Sea spot market, primarily on the UK side. With roughly 30 AHTS expected to operate in the spot market in the North Sea this high season, there could be downward pressure on rates.

PSV

The UK side of the PSV market experienced a disappointing year in 2023, with rates significantly lower than those in Norway. The spot market still trails behind the more favourable term market. Owners who engaged in term contracts last year continue to see better returns. The high reactivation activity at the start of last year meant that supply was just enough to meet excess demand. This year's market conditions on the UK side appear firmer compared to last year. As more wells are set to be drilled. Also supported by a greater number of jack-ups on contract, PSV rates on the UK side are expected to present better term for owners this high season. In May, PSV spot rates on the Norwegian Continental Shelf ranged from NOK 250,000 to 300,000/day ($23,444-$28,132/day). The highest term fixtures reached NOK 375,000/day ($35,166/day) for mid-term charters (60-90 days). High utilization and rising day rates for PSVs reflect the sold-out state seen on the Norwegian side over the past year. Moving into the high season, spot rates are expected to average above NOK 300,000/day ($28,132/day) for the next few months, supported by limited supply as owners has previously entered term charters.

LNG

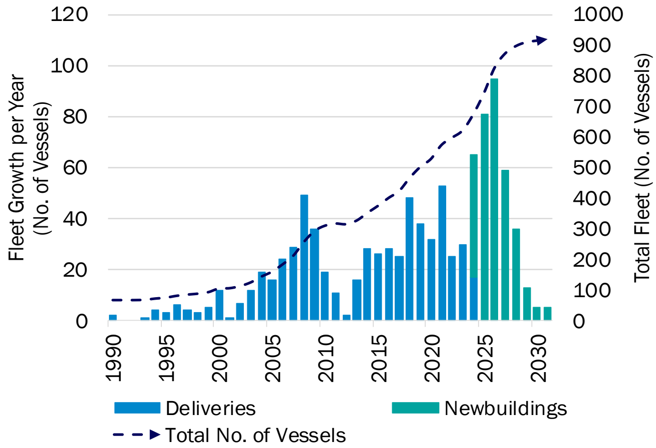
Atlantic Market sees Notable Gains After Pro-longed Weakness; Pacific Bearishness persists

As May commenced, market activity was predominantly in the East with the basin lively due to cargo tenders and multiple vessels being absorbed by Aussie volumes. However, with only 8-14 day voyages, the ships remained on position lists and it did little to improve the market rates. There was also reduced Atlantic Basin activity, with a couple of vessels being taken for intra Atlantic Basin trade. Relet tonnage remained abundant, and despite decent liquidity, there was very little to suggest that levels were going to jump anytime soon and the same narrative continued - high volume and decent activity, but stagnant levels. By the second week of May, activity in the Atlantic picked up, with national oil companies, trading houses and energy utilities all taking ships for USG loadings to go either to the Caribbean, Europe or further afield in the East. There was some focus on a momentarily widening arb which saw some players take shipping with West to East trading flexibility, but freight rates generally remained unchanged as there continued to be decent availability. The Pacific felt quiet, with one major Asian importer in the market with a spot cargo that attracted a few offers, but otherwise it appeared a muted region. This same pattern - a few spot fixtures here, the odd term deal there, the rates crab-walking sideways - continued through to the middle of the month.

Then for the first time in what had felt like a while, there was a noticeable uptick on spot rates in the Atlantic as we moved into the second half of May. A flurry of fixtures were concluded for early-June up to early-July loadings, mostly in the Atlantic out of the USG and West Africa, which left a hefty dent in position lists. With 2-stroke tonnage trimmed down, there was a slight climb on levels for both intra-AB and cross-basin trading with a few ships taken well in the $50,000s/day and possibly even starting with a '6.' The Atlantic and Middle East also saw FOB tenders awarded on sub-award shipping tonnage. The Pacific felt a bit more suppressed but at least one national major took in a big TFDE for an Australian cargo. The final week of May saw the market continue in much the same fashion as the previous week, with a decent level of activity witnessed. Modern 2-stroke rates remained stubbornly around the $50,000/day mark, but there were gradual signs of improvement. Fixing activity was regular and we observed deals being done further in advance of the normal fixing window, and at marginally higher levels. The reason for this may have been two-fold; 1) there was a genuine concern of a reduction in available tonnage, or 2) the whole market off in the first week of June for Posidonia, so Charterers may have wanted to cover their positions.

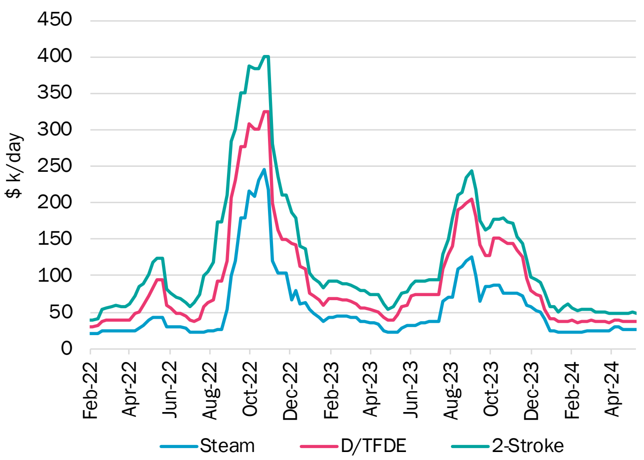
On the term side, activity was rather mixed throughout the month. As we entered May, there was some market triggering excitement with activity against 12-month charters and 1-3 year mid-term periods. While quite a few players had fixed tonnage away, a number of tenders were still ongoing. The rates for Owners marginally improved against these requirements but the gains were only minor given decent availability. However, as we progressed into the latter part of May, term business appeared to step back - although one Far Eastern major concluded a market-quoted tender for around 8 months and a couple of counterparties put out gentle feelers for 12-month charter-ins. There remains a major jump between spot rates and the 12-month rate, proving there is confidence in a spot market uptick later in the year and perhaps the storm will rise after everyone returns from Posidonia.

LNGC Fleet (existing and newbuildings)



Source: SSY

Estimated LNG Spot Earnings



Source: SSY

Sale & Purchase

Bulkers

May's sale and purchase activity continued in a similar trend to the month prior. An active Dry Bulk market was characterised by a number of eco units achieving notably firm prices, while second-hand Tanker activity has remained comparatively subdued in light of strong freight and period rates. We begin with the sale of the modern Newcastlemax "FOMENTO ONE" (206,810 dwt, 2016 Daehan – BWTS & Scrubber Fitted) at USD 55.35 mill basis TC attached at 130% (less 3.75%) 5TC Index until latest August 2025 to Greek buyers.

In the Capesize segment, the "EL GRASSO" (181,365 dwt, 2012 Imabari - BWTS Fitted) was sold at USD 35.75 mill basis July delivery to clients of Agricore. Additionally, the "NORD FERRUM" (179,678 dwt, 2011 HHIC - BWTS & Scrubber Fitted) achieved USD 34 mill from clients of Pacific Rim, whilst the "CAPE KEYSTONE" (179,250 dwt, 2011 HHI - BWTS Fitted) called for offers in late May and was sold thereafter to Chinese buyers for USD 32.5 mill. Clients of Phoenix Energy Navigation have now concluded their fleet disposal programme; their Ex "CORINTHIAN PHOENIX" (179,223 dwt, 2009 HHI – BWTS Fitted) was reported sold at a price in the region of USD 30 mill to clients of Hayfin. Note that the same buyers acquired the Ex "ATHENIAN PHOENIX" (179,223 dwt, 2009 HHI – BWTS Fitted) from clients of Phoenix Energy Navigation in January this year for USD 23.5 mill, basis her surveys due in July.

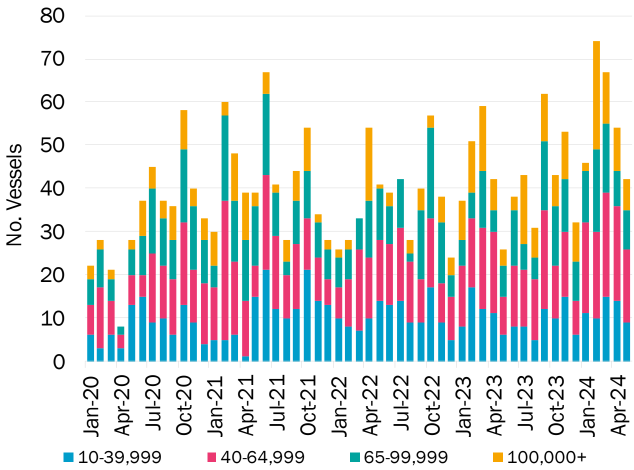
The modern Kamsarmax "GIA AMBITION" (84,990 dwt, 2022 CSSC Tianjin – BWTS Fitted) found new ownership for a price in the high USD 38 mills. Elsewhere, the "VINCENT TALISMAN" (81,577 dwt, 2020 Hantong - BWTS Fitted) achieved USD 33 mill, a level broadly in line with the sale of the Ex "YMK QUARTET" (82,212 dwt, 2021 YAMIC - BWTS Fitted) at USD 35.35 mill to Greek buyers in April, after accounting for the difference in age and yard. In addition, clients of Blumenthal acquired the "VALIANT SUMMER" (81,290 dwt, 2016 Tsuneishi Zhoushan - BWTS Fitted) at USD 32.5 mill, adding to their purchase of the Ex "THE PROSPERITY" (81,922 dwt, 2017 Tsuneishi Zhoushan – BWTS Fitted) in February for USD 31.5 mill. On the more vintage side of the market, the "OASEA" (82,217 dwt, 2010 Tsuneishi Zhoushan - BWTS Fitted) was finalised at USD 20.25 mill to Greek buyers.

The Ultramax "PING HAI" (62,623 dwt, 2017 Oshima - BWTS Fitted) called for offers on the 8th May and subsequently concluded in the high USD 31 mills, a slightly softer level than the sale of the Ex "FLORENTINE OETKER" (63,490 dwt, 2017 Imabari – BWTS Fitted) high USD 32 mill to clients of Ince Denizcilik in mid-April.

In the month's Supramax news, clients of Belships offloaded 2 x eco Tess58s. The vessels in question are the "BELTIDE" & "BELFRIEND" (58,000 dwt, 2016 Tsuneishi Cebu – BWTS Fitted), which achieved USD 28.3 mill each from clients of Pangaea Logistics Solutions. As a reference point, the Ex "NORD SEAL" (57,631 dwt, 2016 Tsuneishi – BWTS Fitted) was sold at USD 27.75 mill in late March to clients of Amoysailing Maritime. Elsewhere, the "PACIFIC HONOR" (58,912 dwt, 2011 Kawasaki – BWTS Fitted) was reported sold at USD 19.5 mill. Note that the Ex "QUEEN BUSAN" (55,474 dwt, 2010 Kawasaki – BWTS Fitted) found new ownership in March at region USD 18 mill to Greek buyers.

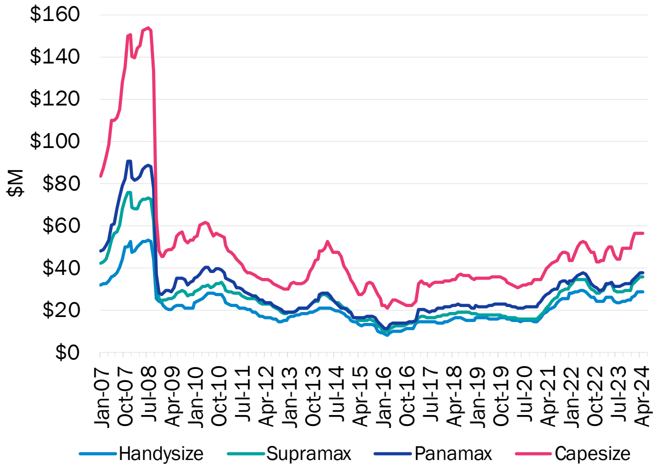
Concluding our Dry Bulk news in the Handysize segment, the "TAWAKI" (39,855 dwt, 2014 Chengxi – BWTS Fitted / Wartsila 5RT-flex50B) found new ownership from Danish buyers in the high USD 19 mills. Elsewhere, the "DAYDREAM BELIEVER" (37,114 dwt, 2012 Onomichi - BWTS Fitted) invited offers and concluded in the mid/ high USD 17 mills to Far Eastern buyers.

Bulk Carrier Sales by Month



Source: SSY

Bulk Carrier Second-hand Prices



Source: SSY, 5 Yr-Old Vessels

Sale & Purchase

Tankers

In the month's Tanker news, it transpired that the "SM WHITE WHALE 1" & "SM WHITE WHALE 2" (300,700 dwt, 2019 DSME - BWTS & Scrubber Fitted) & "SM VENUS 1" & "SM VENUS 2" (300,700 dwt, 2019/2020 Hyundai Samho - BWTS & Scrubber Fitted) were sold at region USD 116 mill each. Note that the Ex "DIYALA" & "NINAWA" (320,500 dwt, 2019 Samsung – BWTS & Scrubber Fitted) achieved USD 112 mill each in December last year.

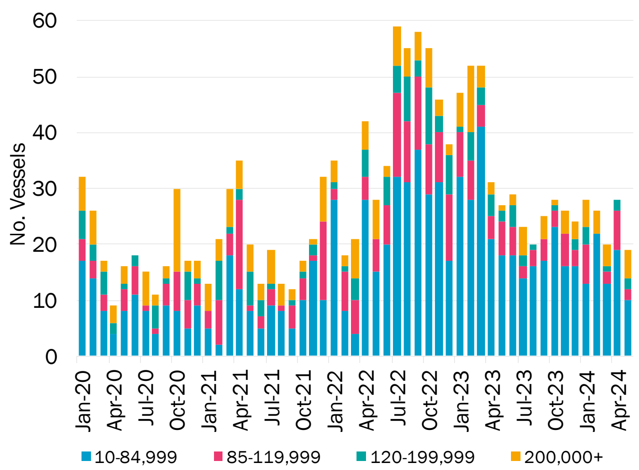
Elsewhere, clients of Tsakos offloaded the "EURONIKE" (164,565 dwt, 2005 HHI - ICE 1C / CAP 1) at USD 40.8 mill. Note that the same owners also sold their Ex "EUROCHAMPION 2004" (164,608 dwt, 2005 HHU – ICE 1C / CAP 1) at USD 40 mill in January to Indian buyers. Additionally, clients of Tsakos also disposed of the "NIPPON PRINCESS" (105,392 dwt, 2008 Sumitomo – BWTS Fitted / CAP 1) at USD 42 mill to Chinese buyers, following their recent sale of the "IZUMO PRINCESS" (105,374 dwt, 2007 Sumitomo – BWTS Fitted / CAP 1) at USD 37.2 mill in mid-April.

After inviting offers on the 30th April, the LR2 "SANMAR SANGEET" (106,516 dwt, 2004 Tsuneishi, Epoxy - BWTS Fitted) found new ownership in the high USD 26 mills. Elsewhere, the CPP-trading LR1 Ex "THEODOSIA" (70,312 dwt, 2004 Daewoo, Epoxy) was reported sold at USD 18.5 mill to clients of Coral Shipping basis her surveys due in June 2024. Note that the Ex "AMAZON BEAUTY" (72,910 dwt, 2004 HHI, Epoxy) was sold to European buyers at USD 19.5 mill this time last year with her surveys due in January 2024.

In an active month for the second-hand MR Tanker market, clients of Dee4 offloaded their modern MR "DEE4 LARCH" (49,737 dwt, 2016 HVS, Epoxy Phenolic - BWTS Fitted) at USD 41 mill to Danish interests. The "NYON EXPRESS" (45,996 dwt, 2010 Shin Kurushima, Epoxy - BWTS Fitted) found new ownership at USD 27 mill. Note that the "PS TOKYO" (46,547 dwt, 2009 Naikai, Epoxy – BWTS Fitted) was sold at USD 23.8 mill in April basis her surveys due in July 2024. Clients of Besiktas took prompt delivery of the Ex "ADAMAS I" (50,122 dwt, 2009 SPP, Epoxy) at USD 27.8 mill basis her surveys freshly passed. Finally, the "GRACE FORTUNA" (47,786 dwt, 2007 STX, Epoxy - BWTS Fitted / CAP 1) was reported sold for a price in the region of USD 23 mill, a slightly firmer price than the recent sale of the "ARIES PEARL" (50,605 dwt, 2007 SPP, Epoxy Phenolic – BWTS Fitted) at USD 22.5 mill in April to Chinese buyers.

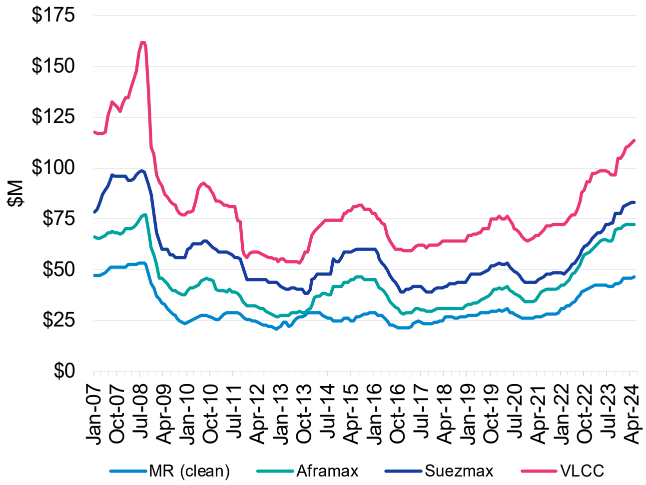
Concluding our news in the Chemical Tanker segment, clients of TRF have offloaded the "TRF KIRKENES" (19,997 dwt, 2016 Kitanihon, StSt - BWTS & Scrubber Fitted) at USD 32.5 mill, in addition to the "TRF KOBE" & "TRF KRISTIANSAND" (19,990 dwt, 2016 Kitanihon, StSt - BWTS & Scrubber Fitted) a week before at USD 32 mill each.

Tanker Sales by Month



Source: SSY

Oil Tanker Secondhand Prices



Source: SSY, 5 Yr-Old Vessels

Demolition

May was a more productive month for the demolition market, with 55 vessels (1.35M dwt) reported as sold, up from 25 units (0.5M dwt) in April and the highest monthly level since last August. Of note, the number of tankers sold for demolition increased by 5 m-o-m to 9 vessels (750K dwt), the highest monthly level since October 2022. Despite this increase in sales an ongoing shortage of tonnage still remains evident across all of the main recycling regions, and looking ahead further pressure is anticipated to come from the upcoming Monsoon season in the Subcontinent where early signs of extreme weather are now becoming evident. No new sales were reported in early-June due to most market participants beings in Posidonia, however a considerable number of off-market sales have recently become apparent, most of which have taken place for Bangladesh delivery.

Sale & Purchase

Representative Bulk Carrier Sales May 2024

Name	DWT	Built	Yard	Gear	Remarks
Super Bergkamp	55,651	2009	Mitsui		Region $15.5m to Greek buyers BWTS fitted
V Rich	56,546	2014	Hantong		Region $19m to Greek buyers BWTS fitted ME engine
Protector St. George	56,632	2011	China Shipping		Region $14m to undisclosed buyers BWTS fitted surveys due June 2024
Cheval Blanc	56,732	2009	Jiangsu Hantong		Region $11.5m to undisclosed buyers BWTS fitted Tier 1
Delta Avon	56,897	2012	COSCO Guangdong		Region $14m to Chinese buyers BWTS fitted
Bao Quan	56,947	2011	Lianoning Marine		Region $13.5-14m to undisclosed buyers BWTS fitted
Beltide	58,000	2016	Tsuneishi Cebu		Region $28.3m p/v to Pangaea Logistics Solutions BWTS fitted Q3 delivery
Belfriend	58,000	2016	Tsuneishi Cebu		
Captain Andreas	58,760	2009	Tsuneishi Zhoushan		Region $16.4m to undisclosed buyers BWTS fitted
Pacific Honor	58,912	2011	Kawasaki		Region $19.5m to undisclosed buyers BWTS fitted
AC Shanghai	75,211	2001	Hyundai Samho		Region $8m to Chinese buyers
Dong Jiang You	75,265	1999	Fincantieri		Region $7m to undisclosed buyers
Yong Hao 03	76,037	2012	Hudong-Zhonghua		Region low $17m to Chinese buyers BWTS fitted
Bravery	76,606	2004	Imabari		Region $12.5m to undisclosed buyers BWTS fitted
Valiant Summer	81,290	2016	Tsuneishi Zhoushan		Region $32.5m to Blumenthal BWTS fitted ME engine
Vincent Talisman	81,577	2020	Hantong		Region $33m to undisclosed buyers BWTS fitted
Oasea	82,217	2010	Tsuneishi Zhoushan		Region $20.25m to Greek buyers BWTS fitted
ASL Uranus	82,372	2008	Oshima		Region $17m to undisclosed buyers BWTS fitted
Gia Ambition	84,990	2022	CSSC Tianjin		Region high $38m's to undisclosed buyers BWTS fitted
Lila Singapore	175,980	2003	CSBC		Region $14m to Chinese buyers
Baltimore	177,243	2005	Namura		Region $18.25m to undisclosed buyers forward delivery November 2024
Corinthian Phoenix	179,223	2009	HHI		Region $30m to Hayfin BWTS fitted
Cape Keystone	179,250	2011	HHI		Region $32.5m to Chinese buyers BWTS fitted
Nord Ferrum	179,678	2011	HHIC		Region $34m to Pacific Rim BWTS & scrubber fitted
El Grasso	181,365	2012	Imabari		Region $33.75m to undisclosed buyers BWTS fitted
Fomento One	206,810	2016	Daehan		Region $55.35m to Greek buyers BWTS & scrubber fitted TC

Representative Tanker Sales May 2024

Name	DWT	Built	Yard	Features	Remarks
Dee4 Larch	49,737	2016	HVS		Region $41m to Weco Shipping BWTS fitted Epoxy phenolic
Adamas I	50,122	2009	SPP		Region $27.8m to Turkish buyers Epoxy
Theodosia	70,312	2004	Daewoo		Region $18.5m to Middle Eastern buyers Epoxy Surveys due
Nippon Pirncess	105,392	2008	Sumitomo		Region $42m to Chinese buyers BWTS fitted CAP 1
Sanmar Sangeet	106,516	2004	Tsuneishi		Region high $26m to undisclosd buyers BWTS fitted Epoxy
Ex Demetrios	149,999	2011	New Times		Region $53m to undisclosed buyers
Euronike	164,565	2005	HHI		Region $40.8m to undisclosed buyers Ice 1C CAP 1
SM White Whale 1	300,700	2019	DSME		Region $116m p/v to Middle Eastern buyers BWTS & scrubber fitted
SM White Whale 2	300,700	2019	DSME		
SM Venus 1	300,700	2019	Hyundai Samho		
SM Venus 2	300,700	2020	Hyundai Samho		

Indicative Sales for Demolition May 2024

Name	Type	DWT	LWT	Built	Remarks
Uranus J	Bulk	26,428	5,778	1995	Region $525 for delivery Pakistan
United ID	Bulk	38,855	7,173	1991	Region $528.5 for delivery Pakistan
Poseidon M	Bulk	38,989	7,012	1994	Reported sold for undisclosed price for delivery Pakistan
Pine Express	Bulk	42,968	9,543	1990	Region $555 for delivery Bangladesh
Xin LV Bao Shi	Bulk	45,888	7,824	1996	Region $525 for delivery Bangladesh
Inter Stevedoring 8	Bulk	68,433	11,140	1989	Reported sold for undisclosed price for delivery Bangladesh
Andhika Nareswari	Bulk	71,290	10,308	1996	Region $515 'as is' Singapore
Heung-A Tokyo	Cont	7,040	2,446	1996	Region $581 for delivery Bangladesh
Sia 32	Cont	7,787	2,801	1982	Region $530 for delivery Bangladesh
Professor B	Cont	14,120	5,040	1984	Region $540 for delivery India
Fesco Trader	Cont	15,213	5,113	1997	Reported sold for undisclosed price for delivery India
Uni-Assure	Cont	15,511	6,986	1999	Region $373 'as is' Piraeus

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