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1. Sustainability

- COSCO has placed an order for twelve 24,000 TEU dual-fuelled containers with the ability to run on methanol, the company said on statement on its website on Monday. The order is subject to shareholder approval. The cost of the new buildings is around \$2.88 billion with delivery between Q3 of 2026 and Q3 of 2028 “This shipbuilding projects is a new way of COSCO shipping Holdings to actively meet the needs of future competition, actively respond to the green and low-carbon initiatives of global customers, conform to the new development trend of green, low-carbon and intelligent shipping industry in container shipping, and promote the construction of a clean fuelled fleet” the company said.
- MSC expects that the upcoming Carbon Intensity Indicator (CII) rules may cut global container capacity by as much as 10% from next year. From January 1 all ships larger than 5,000 Gross tonnage will need to have calculated for them a CII rating based on historical data submitted to the IMO. The rating is a calculation of the CO2 the vessel emitted per unit of cargo capacity per nautical mile. The rating will come as a letter from A to E. Vessels that have an A rating are those that are performing the best in terms of CO2 emissions. Vessels receiving a D rating for three years or an E rating for a single year will need to implement a ship energy efficiency management plan setting out their plans to improve their performance. “As many across academia and industry have said, the calculation methodology (AER/DWT) should be revised to avoid unintended consequences that would distort the performance of a ship that spends a lot of time in port,” a spokesman for MSC said. “As things stand, the proposed methodology could lead to situations in which a vessel’s rating would worsen simply because it spends more time in port. We respectfully question whether this unintended consequence could be avoided by amending the methodology.” MSC agrees that CII should not effectively “penalise vessels trading on shorter distances and while waiting alongside.” “As there are no net zero CO2 emission fuels available at scale to our

industry in the short-term, MSC will continue to make energy efficiency performance improvements to help ensure that the fleet keeps pace with the evolving regulatory standards in 2023 and beyond. MSC will continue to harness the latest ship design and technologies to modernise its fleet, by retrofitting older vessels and incorporating new buildings that include the world’s largest and most energy-efficient container ships”, the company said, “On top of a range of design and technology efficiency measures, we have assessed that it will not be possible to achieve the required standards without a new programme of voyage optimisation that includes elements such as speed reductions and injecting additional ships into the network. Just-in-time port call optimisation will also play a role.”

- Pacific Basin has decided that methanol propulsion will be the best choice for its first generation of zero-emission vessels. After working with Nihon Shipyard Co and Mitsui on a feasibility study on the range of green bunker technologies, the firm believes that methanol is its best option for now, it said in a statement on its website. Mr. Martin Fruergaard, CEO of Pacific Basin, said: “Drawing on the collective expertise of our partners, we are confident that methanol is currently the most suitable future fuel for Handysize and Supramax bulk carriers, and we believe the infrastructure to produce and distribute green methanol is coming. We are now embarking on the next stage of our decarbonization project, which is to develop a highly efficient ship design around which we plan to contract our first generation of dual-fuel zero-emission newbuildings, again in collaboration with our Japanese partners. We want to be at the forefront of our segment’s transition to zero-emission vessels which should enable us to meet our target of zero emissions by 2050. Through our example, we hope to help accelerate the transition and make zero-emission vessels the default choice in the dry bulk sector by 2030.”

2. Shipping Markets Analysis

2.1 Dry Bulk

The Baltic Dry index has been declining consistently for 13 days now and at the time of this report reaches a 2-month low. Since October 18th Capesize, Panamax, Supramax and Handysize index have decreased by 45%, 20%, 23% and 15% respectively.

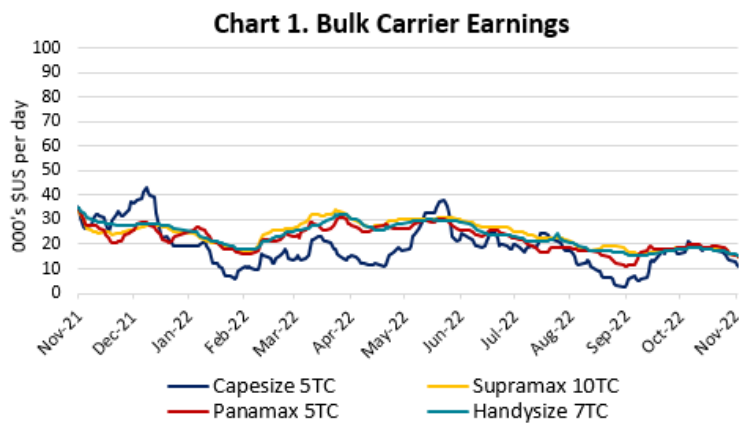
Capesize FFAs for Q1 2023 were trading in the mid \$5,000's per day at the start of the week which was an all-time low for this time of the year.

Brazilian Iron ore exports reached a 5-month low on October of around 26.7 million tonnes, down from a two-year high in September of 36.2 million tonnes.

On the SnP market, we have observed a slowdown in the activity which might continue for the next few days if no positive signs from the chartering market start to emerge. The Baltic Dry Index has dropped by 15% since last Friday. We have seen the gap between asking/bidding price becoming wider as buyers now offering at lower levels compare to what sellers aim. On the Capesize, we have seen an influx of vessels entering the market for sale as some sellers are trying to dispose their vessels now before any potential further correction to the values which might be coming soon as earnings for the larger segment currently hovering at around 10,000 per day.

A Japanese 2016 built Capesize that called for offers, rumours of the market suggest that she is now committed at region 40 million which is an around 10 million less (more than 20% down) than exact sister sold back in May 2022. Moreover, market sources suggest that there was limited buying interest on some handysizes that were collecting offers.

The inventory of dry bulk vessels which are currently for sale is becoming longer and further correction in the values (which is already happening especially on the larger tonnage) is expected. On the Demolition market, 16 Capesize have been sold for recycling in 2022 compare to 14 Capesize sold in 2021 and 46 in 2020.



2.2 Tankers

Crude tanker earnings remain at very profitable levels with a number of fixtures especially on the VLCCs reported on subjects at above 100,000 per day. Earnings for the 2million barrel vessels have average above 65,000 per day since end of September. A 2005 built non-scrubber VLCC was put on subjects for AG/Taiwan at 84,000 per day for around 40 days. A 2017 built scrubber-fitted VLCC was put on subjects for the benchmark AG/China at excess \$ 100,000 per day for 44 days.

October was a strong month for the tankers with MR average earnings in October well above \$ 30,000 per day

Limited activity reported this week on the tanker SnP market however values remain firm across all segments. Most of the buyers are currently on a wait and see mode. A Greek owner is rumoured to have sold a 2022 built Lr2 tanker at around \$72.5million which more than \$22million above the price paid when the order was placed two year ago.

One in two tankers so far sold this year are over 15-year-old. Furthermore, about one fifth of the total tanker sales in 2022 involved ice class tonnage.

According to Reuters, deliveries of U.S. crude oil to Asia are set to touch a record 1.8 million barrels per day this month, Kpler shipping data showed, as demand climbed on a widening discount to global oil.

Refiners in China, India and South Korea are returning as big U.S. crude oil buyers after several months of scooping up cheap Russian barrels. Asia's renewed buying reflects soaring demand for crude to produce diesel fuel and comes as Europe continued to stock up in the aftermath of Western sanctions on Russian purchases.

There is also strong global demand for diesel that is encouraging refiners across the region to add production runs, said Matt Smith, analyst at data firm Kpler. "With Asian refiners set to ramp up refinery runs, with China's sizeable product export quota, and with OPEC's core producers dialling back on output, demand for U.S. crude is strong", he said.



2.3 Containers

Even though Container rates have declined significantly so far this year they are still almost double the 2019 average. Healthy chartering activity reported on the small feeder market especially in Europe and Far East.

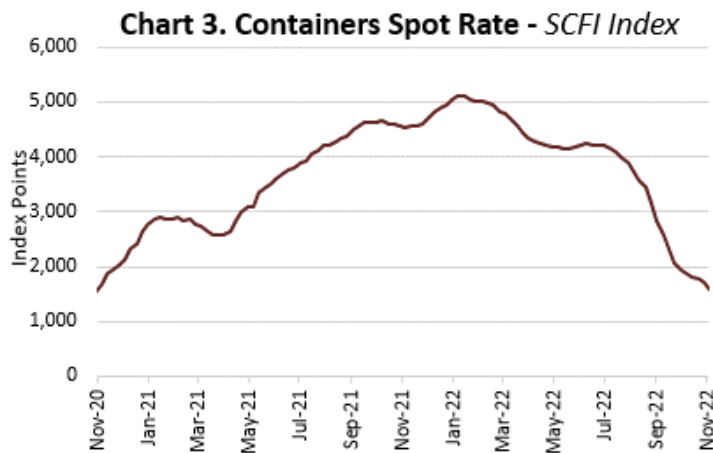
The SCFI spot index is down around 70% Year to date.

The SnP market was very quiet this week. With the market having dropped considerably since the beginning of the year buyers are in no rush to make a move and currently waiting to see how the market will develop.

Secondhand prices have decreased significantly with the price of a 15year-old 2,750 TEU feeder ship having fallen by 50% since the Q2 peak, to \$25m by mid-October.

Logistical disruptions and port congestion have eased back recently but they are still above the 2016-2019 average.

Container fleet is expected to grow around 3.6% in 2022, 7.1% in 2023 and 6% in 2024.



2.4 Key shipping Freight Indices

Bulkers		% w-o-w	Tankers		% w-o-w	Containers		% w-o-w
BDI	1,290	-29.78	VLCC MEG-China	77,900	6.6%	SCFI	1,579.21	-6.94%
Capesize 5TC	10,158	-41.97	Suezmax Wafr-UKC	71,000	13.1%			
Kamsarmax 5TC	15,295	-21.35	MR UKC-USAC	26,600	-12.5%			
Supramax 10TC	14,161	-23.18	LR2 MEG-Jap	36,900	-1.3%			
Handysize 7TC	15,133	-13.00						

3. Second-Hand Market

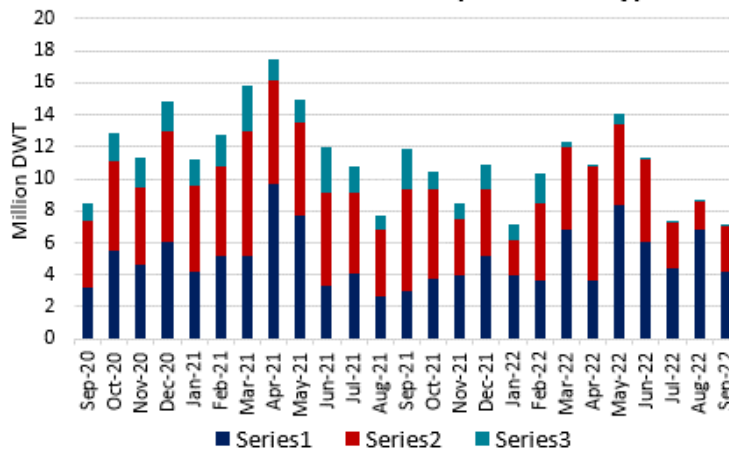
3.1 Weekly Ship Sales by Vessel Type

Vessel Type	Sub-Sector	Name	Size	Built	Yard	Price	Buyers	Surveys	Comments
Tanker	Suezmax	Lila Shenzhen	159k >>	2004	Bohai	\$25m	Chinese	SS 12/24 DD 10/22	BWTS fitted
Tanker	Suezmax	Valtamed	158k >>	2004	Daewoo	\$26m	European	SS 09/24 DD 10/22	old deal
Tanker	LR2	Raffles Harmony	105k >>	2013	HHI	\$41.8m	N/A	SS/DD 01/23	BWTS/Scrubber fitted, Trading DDP
Tanker	MR	Atlantica Bell	50k >>	2006	STX	\$20.7m	N/A	SS 03/26 DD 05/24	BWTS fitted, Ice Class
Dry Bulk	Panamax	Prabhu Puni	76k >>	2002	Tsuneishi	\$11.5m	N/A	SS 05/27 DD 03/25	BWTS fitted
Dry Bulk	Ultramax	Nord Yucatan	63k >>	2019	Nantong Xiangyu	mid \$28m	N/A	SS 10/24 DD 10/22	BWTS/Scrubber fitted, Eco ME
Dry Bulk	Handysize	Waal Confidence	33k >>	2009	Shin Kochi	\$15.2m	N/A	SS 06/24	BWTS fitted

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

Vessel Type		Current Prices				5-Year Avg Prices (2017-2021)			
		Resale	5 yrs	10 yrs	15 yrs	Resale	5 yrs	10 yrs	15 yrs
TANKERS	VLCC	117	88	65	51	91	67	44	29
	Suezmax	79	61	44	35	61	45	30	18
	Aframax	71	56	41	34	48	34	22	13
	Panamax	55	43	29	21	41	29	18	10
	MR	45	39	28	19	36	26	17	10
DRY BULK	Capesize	57	46	30	19	49	38	23	14
	Panamax/Kamsarmax	37	31	21	15	30	23	14	9
	Supramax/Ultramax	35	29	20.5	15	27	21	13	8
	Handysize	28	24	16	11.5	22	16	10	5
CONTAINERS	Size	Current Prices				5-Year Avg Prices (2017-2021)			
	8,800-teu / 10 yrs	96				38			
	6,600-teu / 10yrs	77				30			
	4,500-teu / 10 yrs	51				17			
	2,600-teu / 10 yrs	29				14			
1,700-teu / 10 yrs	24				10				

Chart 4. Sales Volumes per Vessel Type



4. Newbuilding & Ship Recycling Markets

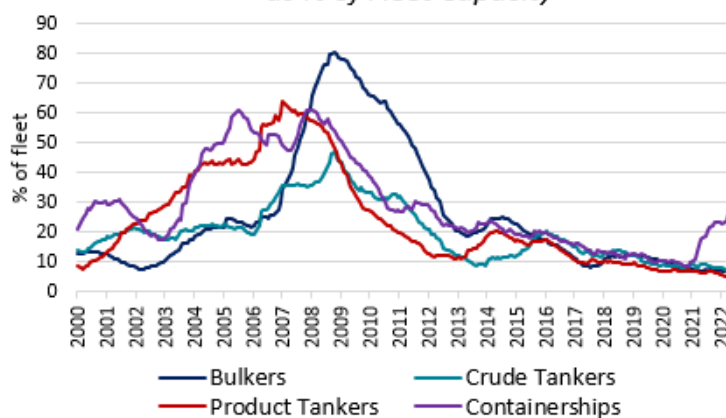
4.1 Recent Newbuilding Orders

Ship No	Type	Sub-Sector	Size	Delivery	Yard	Unit Price	Owners	Comments
1	Dry Bulk	Post Panamax	95k Dwt	2025	Oshima	N/A	Japanese	LNG dual fuelled
1	Dry Bulk	Supramax	58k Dwt	Q1 2025	Oshima	N/A	Japanese	
3	Container	Panamax	3,600 TEUs	Q1 2026-27	Philly	ard \$188m	Hawaiian	LNGI dual fuelled
5	Container	MGX-24	24,000 TEUs	Q3 2026 - Q3 2028	NACKS	ard \$240m	Chinese	Methanol dual fuelled
7	Container	MGX-24	24,000 TEUs	Q1 2027 - Q2 2028	DACKS	ard \$240m	Chiense	Methanol dual fuelled

4.2 Newbuilding Asset Values & Orderbook Levels

Vessel Type		Current Prices		Year End, \$m		
		Last Week	This Week	2019	2020	2021
TANKERS	VLCC	120	120	91	84	111
	Suezmax	79	79	61	55	75
	Aframax	61	61	48	45	59
	Panamax	51	51	44	42	50
	MR	42	42	35	33	40
DRY BULK	Capesize	62	62	49	46	60
	Kamsarmax	36	36	27	25	34
	Ultramax	34	34	25	23	32
	Handysize	30	30	23	22	29
CONTAINERS	10,000-teu	128	128	88	87	128
	6,600-teu	83	83	71	71	83
	5,000-teu	71	71	52	52	70
	2,600-teu	40	40	31	29	39
	1,700-teu	27	27	25	22	27

Chart 5. Shipping Orderbooks
as % of Fleet Capacity

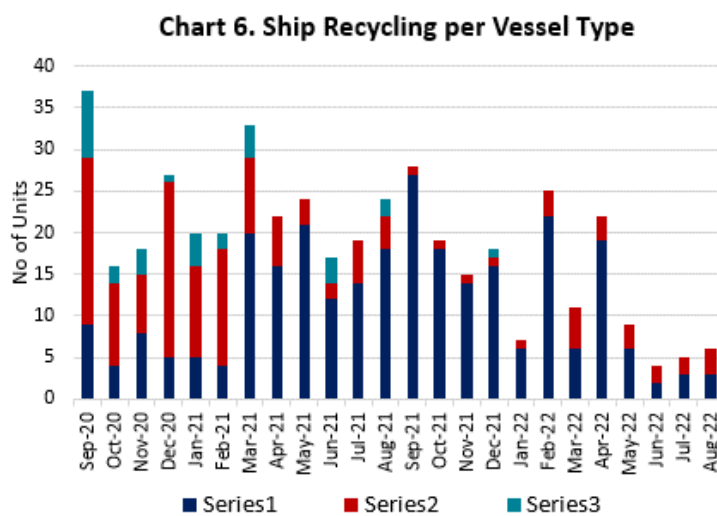


4.3 Recent Ship Recycling Activity

Table 5. Weekly Ship Recycling Activity									
Type	Sub-Sector	Name	Built	Dwt	Ldt	Yard	Buyer	Price (\$/ldt)	Comment
Tanker	VLCC	Ark (ex. Bongkot Star)	1997	301k	41,835mt	Korean	Bangladeshi	N/A	

4.4 Scrap Values & Ship Demolition Volumes

Table 6. Scrap Values								
Location	Tankers				Dry Bulk			
	Year End, \$m			Current	Year End, \$m			Current
	2019	2020	2021		2019	2020	2021	
India	361	402	562	570	365	403	562	560
Bangladesh	385	410	610	590	380	415	580	580
Pakistan	355	415	588	580	355	415	585	570



5. Macro Indicators

Indicator		% w-o-w
ICE Brent	96.48 \$/b	1.0%
WTI	90.11 \$/b	2.7%
Spore VLSFO	609.3 \$/t	-13.5%
GBP/USD	1.12	-3.4%
USD/YEN	147.47	1.2%
EUR/USD	0.98	-3.0%
USD/YUAN	7.27	0.8%
Gold	1,644.4	-1.2%



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