WeberSeas (Hellas) S.A.

Weekly Market Intelligence

Market Week 23 - 2023

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1. Sustainability

According to an article form Tradewinds, with all the attention given to shipping's inclusion in the European Union's Fit for 55 package and emissions trading system (EU ETS), less notice has been taken of another change that could affect the cost of bunkering marine fuel. The Energy Taxation Directive (ETD), a part of Fit for 55, has not yet been fully agreed upon, even though it should have taken effect from January 2023 to switch the EU's tax mechanisms from subsidising fossil fuels to taxing polluting energies at higher rates. The ETD plans include ending shipping's full exemption from energy taxes on heavy fuel oil (HFO) purchased in Europe for intra-EU voyages. That has potential ramifications for Europe's bunkering business, particularly in Rotterdam — one of the busiest bunkering ports in the world. In mid-2021, the European Council stated: "Over a period of 10 years, the minimum tax rates for these [heavy marine] fuels will gradually increase, while sustainable fuels for these sectors will benefit from a minimum rate of zero to foster their uptake."

A report by Dutch analyst CE Delft warned that the move could "have disruptive effects on the competitiveness of the European bunker market". Delft said its analysis showed that if energy taxes are added to the price of current marine fuels, Rotterdam would cease to be one of the cheapest bunkering ports in the world and instead become one of the most expensive. "There is a significant risk that bunkering activity will be relocated to non-EU ports. This means that the intended effects of taxation are not achieved; shipping companies are able to avoid paying tax, so the price of transport will not increase. There is no financial incentive to reduce fossil fuel use and avoid greenhouse gas emissions," the report warned.

Little has been clarified since the spring of 2022, when a draft report on the ETD was put to the European Parliament and two committees adopted a position on the strategy. The ETD was on the agenda of the Economic & Financial Affairs Council last December, when countries were split over warning about a loss of competitiveness or arguing that too many exemptions would undermine the EU's climate ambitions, according to Adam Kapella, Bureau VeritasMarine & Offshore director for regulatory and institutional affairs. He told TradeWinds: "In May, the Swedish presidency proposed a new compromise document to the working group on tax questions, and the process is still continuing." The ETD proposes a starting minimum of €0.90 ($0.97) per gigajoule tax on bunker fuels used for intra-European voyages, rising to €1.03 in 2033. That is about 10% of the price of fossil fuels for other sectors as the EU recognised a risk that bunkers could be sourced outside the union. The initial increase works out at about an extra $45 per tonne of HFO, according to Norwegian analyst Siglar, whereas the rate for fossil fuels in other sectors rises to €10.75 per gigajoule, while the lowest rate of €0.15 per gigajoule applies for electricity, advanced sustainable biofuels and renewable fuels. However, Kapella said: "At this stage, one can only say that proposals are still being discussed." Drewry has estimated that on the Asia to North Europe container route, the combined ETS, ETD and FuelEU Maritime measures would increase bunker costs and emission-related taxes or allowances from $312 per 40-foot equivalent unit container for very low-sulphur fuel oil to $568 — a level that concerns freight forwarders.

Green NGO Transport & Environment said taxing marine fuel sold in the EU, though a fair proposal, would not be the most effective way of implementing carbon pricing for shipping and said it believes the carbon market is the most efficient way of making polluters pay. Delft said most container ships — even on long-haul routes such as Asia to Europe — can carry enough fuel for regular round trips, allowing them to fill their tanks in Asia rather than Europe. Tramp shipping might not find it as easy, because complications arise when voyage destinations change. If a vessel took on bunkers in a European port but the next destination is unknown, it would be unclear if the fuel should be taxed, Delft said. It could also be unfairly taxed if the ship bunkered in an EU port, but then did not go to the originally scheduled destination. Rotterdam is Europe's main bunkering port. EU has plans to put tax on heavy fuel oils for intra-European voyages. The opposite would occur, in that untaxed fuel should be taxed if the scheduled port was originally outside the EU but changed to within it.

EU directives relating to tax are subject to a unanimous vote by all member states, and it will be up to each state to ensure the set tax rates are applied.

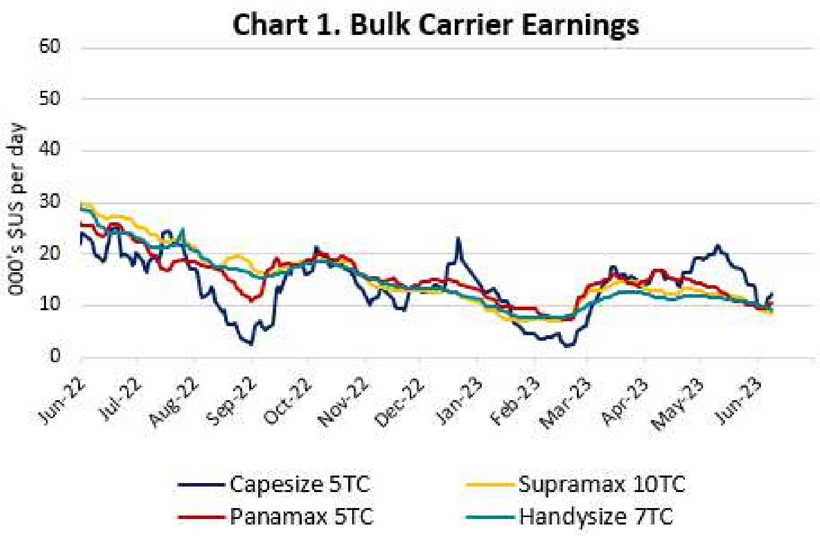
2. Shipping Markets Analysis

2.1 Dry Bulk

The SnP market was slightly more active compared to last week, nevertheless overall activity remains subdue. The majority of the market players are adopting a wait and see mode as they are closely monitoring the current market developments. Three Japanese vessels invited offers this week, all being Japanese controlled. A 2016 built Supramax is rumoured to have received 3 offers with the highest at region $23million. On the Panamaxes, a 2011 built Japanese unit which called for offers on Thursday is rumoured to have seen levels in the in the region of $17million, the vessel has a non USGC approved BWTS and she was mainly trading coal. On the Capesize sector, a 2011 built Japanese unit is rumoured to be under close negotiations at around $30million with Greek Buyers while a 6-year-old Chinese one is rumored to have been committed to Greek Buyers for excess $41million. Last but not least, market sources suggest that a 2016 built Japanese wide beam Ultramax has been committed for region $27million.

Activity on the Newbuild market remains robust with a series of orders reported mainly on the Ultramax and Kamsarmax sector. Chinese yards have the lion’s share in terms of the newbuild orders. There are currently more than 300 Panamax/Kamsarmax and 300 Supramax/Ultramax on order. In total, around 1,100 dry bulk vessels are currently on order.

According to Reuters, China's factory gate prices fell at the fastest pace in seven years in May and quicker than forecasts, as faltering demand weighed on a slowing manufacturing sector and cast a cloud over the fragile economic recovery. As rising interests rates and inflation squeeze demand in the United States and Europe, China is in contrast battling a sharp decline in prices with factories receiving less for their products from key overseas markets. The producer price index (PPI) for May fell for an eighth consecutive month, down 4.6%, the National Bureau of Statistics (NBS) said on Friday. That was the fastest decline since February 2016 and bigger than the 4.3% fall in a Reuters poll.

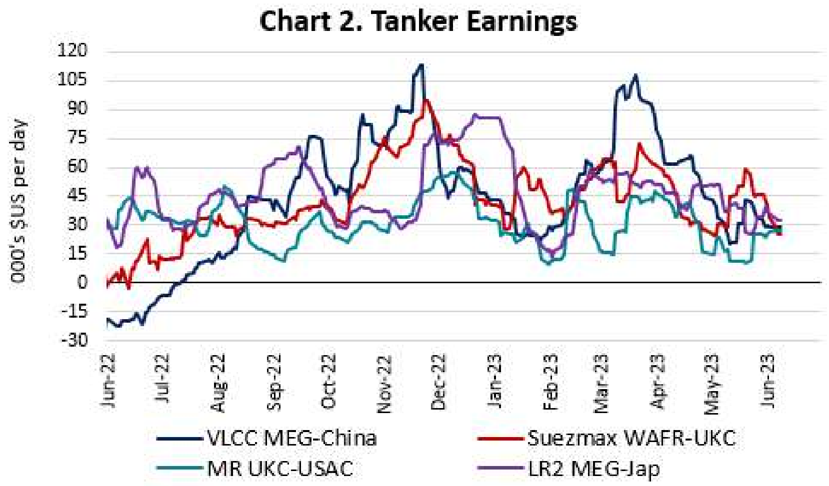


2.2 Tankers

Limited activity reported on the tankers this week. Headline deal of the week was an order for a pair of Suezmaxes at a Korean yard with delivery in 2026 and a cost of around $87million per vessel. A 2006 built Korean MR Tanker (pumproom) was reported sold for region $21million.

Last Sunday, the Organization of the Petroleum Exporting Countries and its partners (known as OPEC+) made no changes to its planned oil production cuts for the rest of the year. However, the world's top oil exporter Saudi Arabia announced further voluntary output cuts which will be implemented from July. Saudi Arabia's crude oil output will decline to 9 million barrels per day from around 10 million barrels in May, Saudi's energy ministry said in a statement.

Tanker new build orders are increasing especially for the sub VLCC sector. Aframax/LR-2 orderbook is currently at 10.7% of the fleet or 116 vessels, Suezmax orderook (35 vessels) currently stands at 5.2% of the fleet. Based on our records orderbook for the Suezmax and Aframax/LR-2 sector has increased by 2% respectively.



2.3 Containers

The SCF index dropped by 4.7% to 979 points.

Based on the NCFI report, the index improved by 6% on w-o-w basis. The demand for cargo transportation in route from Ningbo to India/Pakistan increased for another week by 13%. On a w-o-w basis the route from Ningbo to North America, East and West, has been significantly improved, by 15% and 26% respectively. Following previous week, demand and supply in routes to Middle East and Mediterranean keeps the market healthy.

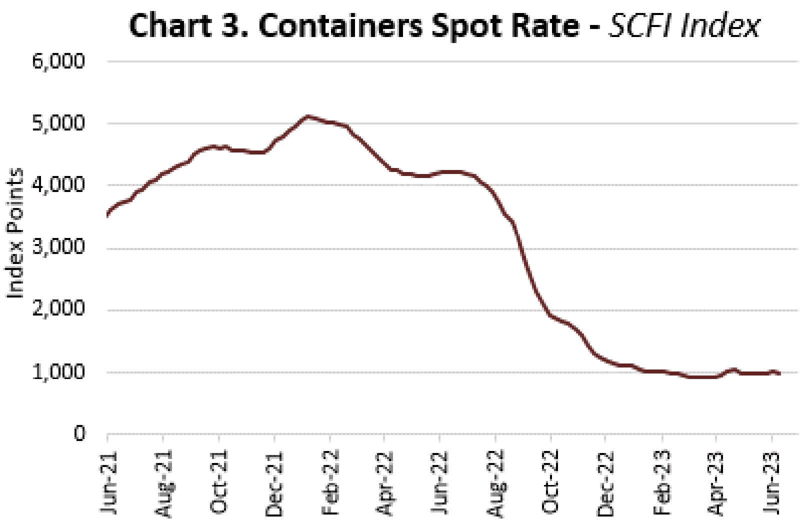
The port congestion index shows an increase at mid-33% during June 2023.

Although the chartering activity has been eased this week due to the lack on the small segments towards Panamax sizes, the chartering rates seem fairly steady and healthy, for another week.

A Feeder vessel, around 1,000 TEUs, fixed for six to eight months at low $13k/day while a bigger Feeder, around 1,500 TEUs, secured an extension of current employment for another eleven to thirteen months at high $15k/day. The most noticeable fixture was an en bloc deal of six new Post Panamaxes (around 7,100 TEUs) sisterships with a big French Liner company for a period of five year at $35k/day.

This week, on the SnP market, Chinese and Turkish continue buying vintage Feeders, as three new transactions reported. The volume of activity remains healthy and Buyers are gradually focusing more on the bigger segment. There are some rumours that two vintage Post Panamaxes might changed hands from Danish Owners to Greeks Buyers.

On the Newbuilding sector, more than 500 container vessels have been recorded in 2023 so far. New orders reported by Singaporean interest for six methanol dual-fuelled Feeders (1,250 TEUs) and US based Owners for two (option for two more) LNG dual-fuelled Feeders (1,450 TEUs). The vessels will be constructed at Chinese shipyards, CIMC and Huangpu Wenchong respectively and will be due for delivery between end of 2025 and beginning of 2026.



2.5 Key shipping Freight Indices

Table 1. Key Shipping Freight Indices

Bulkers		% w-o-w	Tankers		% w-o-w	Containers		% w-o-w
BDI	1,040	10.99	VLCC MEG-China	28,900	-0.7%	SCFI	979.85	-4.75%
Capesize 5TC	12,112	27.67	Suezmax Wafr-UKC	25,600	-39.8%			
Kamsarmax 5TC	10,312	11.24	MR UKC-USAC	27,400	13.7%			
Supramax 10TC	8,219	-11.74	LR2 MEG-Jap	32,500	-17.7%			
Handysize 7TC	9,086	-9.70						

3. Second-Hand Market

3.1 Weekly Ship Sales by Vessel Type

Table 1. Weekly Ship Sales by Vessel Type

Vessel Type	Sub-Sector	Name	Size	Built	Yard	Price	Buyers	Surveys	Comments
Tanker	VLCC	Maria P. Lemos	319k Dwt	2018	HHI	$94.5m	US based	SS/DD 10/23	Scrubber fitted, Eco ME, basis delivery Q3
Tanker	Suezmax	Front Njord	156k >>	2010	Jiangsu Rongsheng	mid $ 40's	Turkish	SS 08/25 DD 11/23	BWTS fitted
Tanker	MR	Super Ruby	50k >>	2006	ShinA	rgn $21m	N/A	SS 02/26 DD 09/24	BWTS fitted, pumproom
Dry Bulk	Kamsarmax	Sea Proteus	81k >>	2013	Wuhu Xinlian	ard $70m en bloc	N/A	SS/DD 07/23	BWTS fitted, Eco ME
Dry Bulk	Kamsarmax	Sea Pluto	81k >>	2013	New Times			SS/DD 11/23	BWTS fitted
Dry Bulk	Kamsarmax	Sea Venus	80k >>	2013	New Century			SS/DD 10/23	BWTS fitted
Dry Bulk	Ultramax	Kmarin Melbourne	63k >>	2015	Jiangsu New Hantong	N/A	Greeks	SS 11/25 DD 11/23	BWTS fitted, Eco ME, delivered, TC attached till min Aug / max Nov 2023
Dry Bulk	Supramax	Nord Treasure	55k >>	2014	Mitsui	xs $21m	N/A	SS/DD 07/24	BWTS fitted, Eco ME
Dry Bulk	Handysize	Seastar Endurance	34k >>	2011	Zhejiang	high $11m	N/A	SS 09/26 DD 10/24	BWTS fitted
Dry Bulk	Handysize	Straits Breeze	31k >>	2009	Saiki	$13m	Turkish	SS 04/27 DD 05/25	BWTS fitted, OHBS
Container	Feeder	Carla-Liv	1,730 TEUs	1999	Szczecin	$7.7m	Turkish	SS 11/24	TC attached
Container	Feeder	SITC Kawasaki	1,708 >>	2007	Imabari	N/A	Singaporeans	SS/DD passed	
Container	Feeder	Okee August	1,550 >>	1998	Guangzhou Wenchong	N/A	N/A	SS/DD 09/23	Ice Class
Container	Feeder	Yantra Bhum	1,098 >>	1993	Hanjin	$3.5m	Chinese	SS/DD 09/23	Ice Class

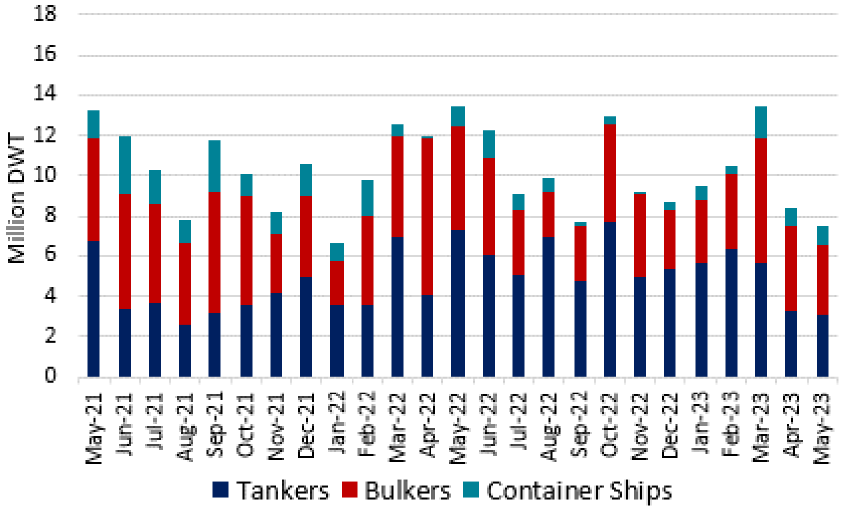
3.2 Second-Hand Asset Values & Sales Volumes per Vessel Type

Table 2. Secondhand Asset Values

	Vessel Type	Current Prices				5-Year Avg Prices (2018-2022)			
		Resale	5 yrs	10 yrs	15 yrs	Resale	5 yrs	10 yrs	15 yrs
TANKERS	VLCC	124	99	75	60	101	74	51	38
	Suezmax	87	72	55	40	70	51	35	23
	Aframax	77	61	50	38	56	41	29	19
	Panamax	59	49	39	26	45	33	22	14
	MR	49	41	33	23	40	30	20	13
DRY BULK	Capesize	63	51	31	19	53	39	25	16
	Panamax/Kamsarmax	38	32	23	15	34	26	18	12
	Supramax/Ultramax	36	30	19	14	31	24	15	11
	Handysize	30	25	17	11	25	19	12	7

	Size	Current Prices	5-Year Avg Prices (2018-2022)
CONTAINERS	8,800-teu / 10 yrs	59	58
	6,600-teu / 10yrs	45	48
	4,500-teu / 10 yrs	25	27
	2,600-teu / 10 yrs	20	20
	1,700-teu / 10 yrs	16	15

Chart 4. Sales Volumes per Vessel Type



4. Newbuilding & Ship Recycling Markets

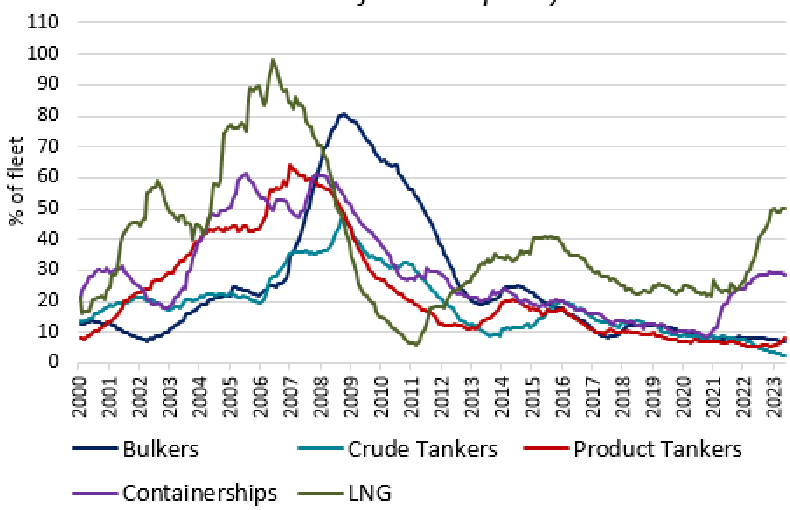
4.1 Recent Newbuilding Orders

Table 3. Weekly Newbuilding Orders								
Ship No	Type	Sub-Sector	Size	Delivery	Yard	Unit Price	Owners	Comments
1	Dry Bulk	Post Panamax	95k Dwt	2H 2026	Oshima	N/A	Japanese	LNG dual-fuelled
10 + 2	Dry Bulk	Kamsarmax	82.5k >>	2026-27	Yamic	ard $37m	Japanese	Scrubber fitted
4	Dry Bulk	Ultramax	63.5k >>	2025	Nantong Xiangyu	ard $32.5m	Greeks	
1	Dry Bulk	Handysize	42.3k >>	Q1 2026	Oshima	ard low $30's	Greeks	
2	Tanker	Suezmax	158k >>	2025-26	Samsung	ard $86m	UAE based	Scrubber fitted, conventional fuelled
2	Tanker	LR2	115k >>	2026	GSI	ard $70m	Singaporeans	LNG dual-fuel
4 + 4	Tanker	LR2	115k >>	2025-26	Zhoushan Changhong	ard $61m	Europeans	Scrubber fitted, EEDI Phase III, Tier III
2	Tanker	LR2	115k >>	2025-26	Zhoushan Changhong	ard $61m	Singaporeans	Scrubber fitted, EEDI Phase III, Tier III
2	Tanker	MR	50k >>	1H 2025	K Shipbuilding	ard $47m	Greeks	Scrubber fitted
2 + 2	Gas	LPG/Ammonia	40k cbm	Q4 2025 - Q1 2026	CIMC	ard $61.5m	Norwegians	Shaft generators
2 + 2	Container	Feeder	1,450 TEUs	Q3 2025-26	Nantong CIMC	ard $35m	US based	LNG dual-fuelled, Type-C tank system
6	Container	Feeder	1,250 >>	Q3 2025-26	Guangzhou Wenchong	N/A	Singapore based	methanol dual -fuelled, Ice Class

4.2 Newbuilding Asset Values & Orderbook Levels

Table 4. Newbuilding Asset Values						
	Vessel Type	Current Prices		Year End, $m		
		Last Week	This Week	2020	2021	2022
TANKERS	VLCC	124	124	86	112	120
	Suezmax	83	83	56	76	80
	Aframax	65	65	47	59	62
	Panamax	55	55	43	51	54
	MR	45	45	34	41	44
DRY BULK	Capesize	61	62	46	61	61
	Kamsarmax	34	34	26	35	34
	Ultramax	32	32	24	33	31
	Handysize	29	29	23	30	29
CONTAINERS	10,000-teu	127	127	88	129	128
	6,600-teu	89	89	72	84	86
	5,000-teu	72	72	54	71	73
	2,600-teu	40	40	30	39	41
	1,700-teu	28	28	23	28	29

Chart 5. Shipping Orderbooks
as % of Fleet Capacity



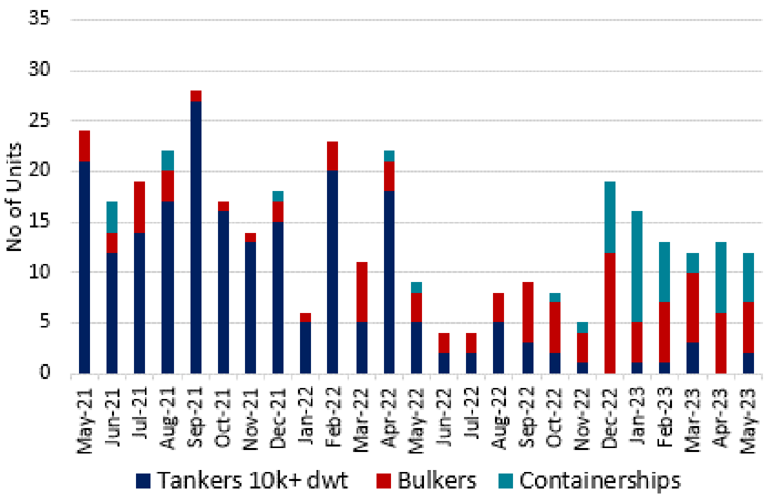
4.3 Recent Ship Recycling Activity

Table 5. Weekly Ship Recycling Activity									
Type	**Sub-Sector**	**Name**	**Dwt**	**Built**	**Ldt**	**Yard**	**Buyer**	**Price ($/ldt)**	**Comment**
Dry Bulk	Panamax	Chang Ming 2	73k	1997	9,483 mt	Japanese	N/A	535	"As is" Hong Kong
Dry Bulk	Handymax	Ze Rui 1	45k	1999	7,912 mt	Japanese	N/A	530	"As is" China
Dry Bulk	Handymax	Wellwin	42k	1995	9,016 mt	Japanese	Bangladeshi	575	
Dry Bulk	Handysize	Golden Sun	27k	1996	6,000 mt	Japanese	Bangladeshi	585	
Container	Panamax	MSC Kerry	3,510 TEUs	1995	15,580 mt	Polish	Indian	N/A	
Container	Feeder	Maersk Atlantic	1,092 >>	1999	5,914 mt	Chinese	Indian	N/A	HKC Recycling

4.4 Scrap Values & Ship Demolition Volumes

Table 6. Scrap Values								
Location	**Tankers**				**Dry Bulk**			
	Year End, $m			**Current**	**Year End, $m**			**Current**
	2020	**2021**	**2022**		**2020**	**2021**	**2022**	
India	405	565	530	**520**	405	560	525	**530**
Bangladesh	415	600	505	**540**	415	590	510	**545**
Pakistan	415	590	520	**505**	415	585	520	**500**

Chart 6. Ship Recycling per Vessel Type



5. Macro Indicators

Indicator		**% w-o-w**
ICE Brent	75.52 $/b	0.7%
WTI	71.06 $/b	0.5%
Spore VLSFO	582.5 $/t	4.4%
GBP/USD	1.26	0.8%
USD/YEN	138.9	0.1%
EUR/USD	1.08	0.0%
USD/YUAN	7.11	0.6%
Gold	1,966.1	-0.7%
SOFR	5.05%	-0.6%
EURIBOR (3m)	3.459%	-0.1%

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