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1. Sustainability

Methanol as the alternative fuel of choice for the 2020s looks increasingly a given with record amounts of orders for newbuilds and retrofits piling in. According to the latest figures from DNV’s Alternative Fuels Insight (AFI) platform, a record total of 48 methanol-powered ships were added to the data source for July, including 15 retrofits. Martin Wold, principal consultant in DNV’s Maritime Advisory business, commented: “Beating last month’s record by a solid margin, orders for methanol-powered vessels have now jumped past the 200 mark. The significant number of new confirmed orders and retrofits for methanol coincides with the delivery of the world’s first methanol fuelled container vessel and the signing of the first bunker supply agreement for green methanol for ships.” There has been an avalanche of methanol retrofit news hitting the shipping markets in recent weeks. German engine maker MAN Energy Solutions estimates that 2,800 vessels with MAN two- and four stroke engines are eligible for conversion today. Contacted by Splash recently, Dr Tristan Smith, associate professor in energy and shipping at UCL Energy Institute, argued the potential for engine retrofits among today’s global merchant fleet was “thousands of ships per year”. The cost of retrofitting, including the fuel storage and fuel supply system, ranges between \$5m and \$15m depending on the type of fuel and, as a rule of thumb, this should not exceed 25% of the newbuild cost of a ship to be economically viable, according to advice from DNV.

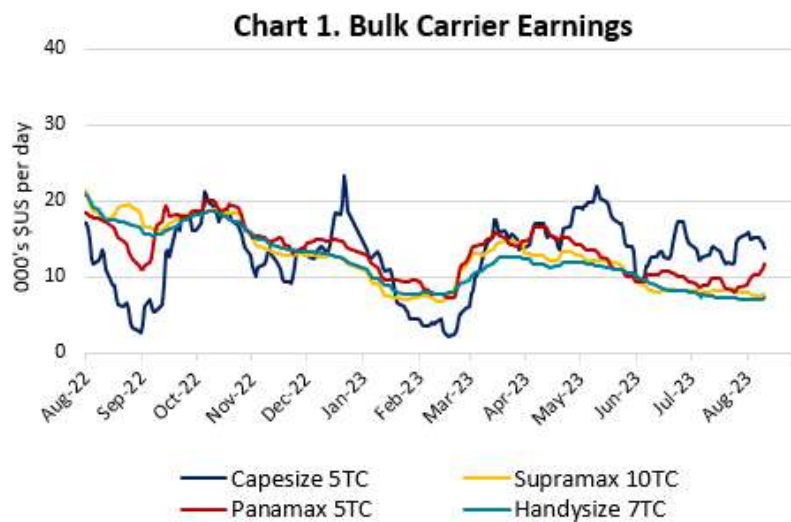
Wind-assisted ship propulsion installations are on track to double this year over last year’s figure of just over 20, according to Gavin Allwright, secretary-general of the International Windship Association (IWSA) with a wide range of wind tech being sought by shipowners, including kites, hard sails and foils. Wind-assisted propulsion was identified as one of the top tech developments in Splash’s annual tech forecast published at the start of the year with major charterers coming onboard to support the move. “The message that we have delivered to national governments, the EU, the IMO and at the UN headquarters in New York has been that wind delivers on the most ambitious targets, it is the only propulsive energy source that will effectively pay for itself and a firm, robust and predictable framework for decarbonisation is what is needed for the industry to invest, scale quickly and weather the decarbonisation storm,” Allwright wrote in IWSA’s latest newsletter.

2. Shipping Markets Analysis

2.1 Dry Bulk

Despite the summer holidays the SnP activity looks healthy. A Scrubber fitted Ultramax 2020 built in Japan is rumored sold to Greek buyers for around \$31.5 million while a non-scrubber 2016 built one was sold for around \$24.5 million. On the handysize sector, a modern 2018 built Chinese unit was sold for region \$20million basis TC back to the seller until February 2024 at \$12,000 per day.

China's consumer sector fell into deflation and factory-gate prices extended declines in July, as the world's second-largest economy struggled to revive demand and pressure mounted on Beijing to release more direct policy stimulus. China's post-pandemic recovery has slowed after a brisk start in the first quarter as demand at home and abroad weakened and a flurry of policies to support the economy failed to shore up activity. The consumer price index (CPI) dropped 0.3% year-on-year in July, the National Bureau of Statistics (NBS) said on Wednesday, compared with the median estimate for a 0.4% decrease in a Reuters poll. It was the first decline since February 2021. The producer price index (PPI) declined for a 10th consecutive month, down 4.4% and faster than the forecast 4.1% fall.



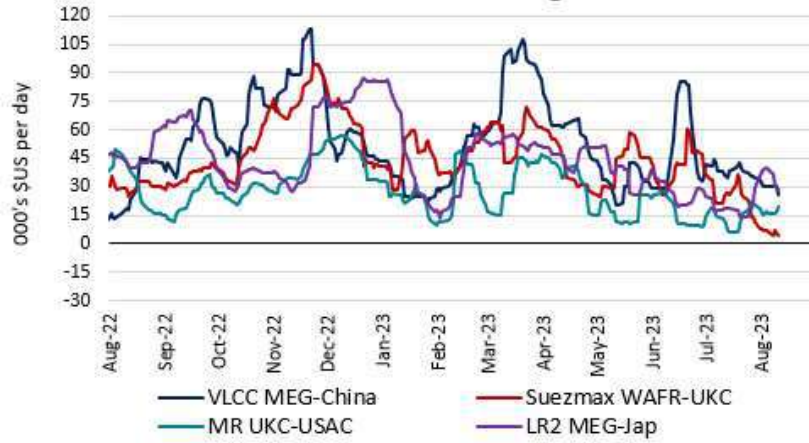
2.2 Tankers

Limited fresh activity reported this week on the Second-hand market. A Suezmax 2004 built fitted with scrubber was sold for \$35 million. A Korean MR tanker built in 2003 was sold for around \$12 million, a softer number compared to a similar vessel sold which was sold last month.

The Newbuild market on the other hand continues to be active. Hyundai Vinashin has inked an order for two 115,000 dwt tankers with the price around \$68.6 million per vessel. Also, a Greek owner is rumored to be behind an order for two MR tankers at a Chinese Yard. The price is rumored to be around \$42 million per vessel and the delivery in 2025 and 2026. 66 MR tankers have been ordered year to date against 52 in 2022. In total there are currently around 135 MR tankers on order. China's New Times has received an order for two LNG dual fuel Suezmaxes from a Singapore based owner, with market sources suggesting a price of \$87 million per vessel. Last time the same owners placed an order for Suezmax was back in 2020 when they booked two Scrubber fitted units for around \$52 million per vessel. Last but not least, a New York based company has placed an order for two LR1 tankers in a Korean Yard for a price of around \$57million per unit and delivery in the second half of 2025

According to Reuters, oil hit new peaks on Wednesday with Brent crude touching the highest since April as tighter supply owing to Saudi and Russian output cuts offset concerns over slow demand from China and a report showing rising U.S. crude inventories. Brent crude rose touched \$86.94, the highest since April 13. U.S. West Texas Intermediate (WTI) crude gained 78 cents, or 0.9%, to \$83.70. The U.S. benchmark touched \$83.81, the highest since November 2022. Crude posted its sixth consecutive weekly gains last week and hit its highest levels since mid-April on Monday, helped by a reduction in OPEC+ supplies and hopes of stimulus boosting oil demand recovery in China. Some bearish pressure came from American Petroleum Institute (API) figures on Tuesday, which according to market sources showed U.S. crude stocks rose by 4.1 million barrels last week, although gasoline and distillate inventories fell.

Chart 2. Tanker Earnings



2.3 Containers

This week, the SCFI increased slightly for third consecutive week by 0.4% to 1043 Points.

According to NCFI reports, the market faced a minor correction after a double-digit increase last week. The routes from Ningbo to Middle East and Philippines dropped about 13% and 17% respectively. The demand in those routes is weaker resulting to a slow recovery of the freight rates. Following previous week, the cargo volume on route Ningbo - North America remained steady in healthy levels, however the route to Europe/Mediterranean fell by 5%.

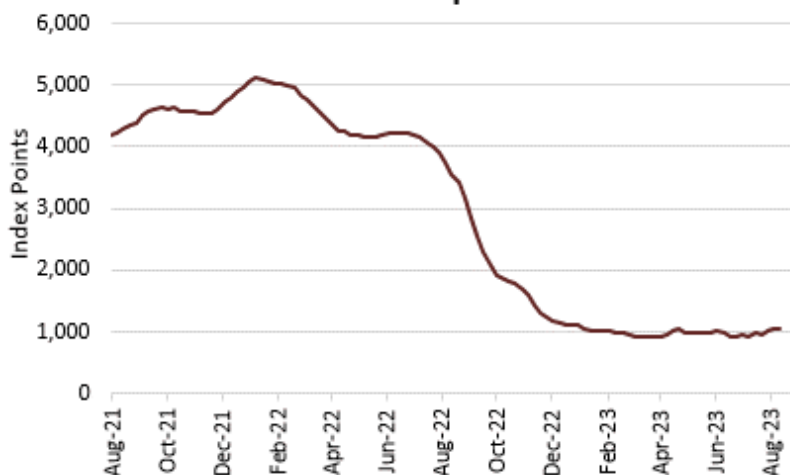
A relatively quiet week on the chartering sector, compared to the activity of the last couple of weeks. As per market reports, the employment of a fifteen-year-old Feedermax (2,500 TEUs) was extended with a major Danish Global Operator at low \$16k/day for two more years. A Feeder (1,100 TEUs) was fixed at high \$11k/day for three up to two months while another Feeder (1,600 TEUs) secured an extension of its employment at \$14k/day for eight months.

The activity on the SnP market remained stable with couple of reported transactions. It is worth mentioning the en bloc deal of three modern Japanese built Very Large Container Ships (VLCS). The 14,200 TEUs units were sold to Taiwanese Buyers from Japanese Owners at low \$100m's each. For another week, a Swiss-based Global Operator continued its buying spree, with the addition of a 2006 Polish Feedermax in the USD mid-teens.

An active Newbuilding market with an order of ten dual fuelled (most likely LNG) Neo Panamax, around 10,300 TEUs by leading Swiss container company. The vessels will be constructed at Zhoushan Changhong shipyard in China, equipped with some extra features and will comply with EEDI Phase III and IMO Tier III NOx standards. The cost is approximately \$130m each and the vessels are due for delivery between second half of 2026 and 2027.

In the recycling market, we have noticed four vintage units, between Feeders, Feedermax and Panamax, reported sold to Cash Buyers, most of them to Indian Recyclers.

Chart 3. Containers Spot Rate - SCFI Index



2.5 Key shipping Freight Indices

Bulkers		% w-o-w	Tankers		% w-o-w	Containers		% w-o-w
BDI	1,674	48.40	VLCC MEG-China	26,200	-13.25	SCFI	1,043.54	0.41%
Capesize 5TC	13,883	-7.17	Suezmax Wafr-UKC	4,700	-32.86			
Kamsarmax 5TC	11,629	16.17	MR UKC-USAC	19,200	13.61			
Supramax 10TC	7,771	1.63	LR2 MEG-Jap	28,600	-27.78			
Handysize 7TC	7,211	2.57						

2.6 Finance

According to Reuters, ratings agency Moody's on Monday downgraded several mid-sized U.S. banks, warning that the credit strength of lenders will likely be tested by funding risks and weaker profits. Moody's also said it may downgrade some of the largest U.S. lenders, in a blow to the industry that regained stability after several bank failures earlier this year. "Many banks' second-quarter results showed growing profitability pressures that will reduce their ability to generate internal capital," Moody's said in a note. "This comes as a mild U.S. recession is on the horizon for early 2024 and asset quality looks set to decline, with particular risks in some banks' commercial real estate (CRE) portfolios." Moody's said elevated CRE exposures are a key risk due to high interest rates, declines in office demand as a result of remote work, and a reduction in the availability of CRE credit. The collapse of Silicon Valley Bank and Signature Bank earlier this year sparked a crisis of confidence in the U.S. banking sector, leading to a run-on deposit at a host of regional banks despite authorities launching emergency measures to shore up confidence. Still, Moody's cautioned that banks with sizable unrealized losses that are not reflected in their regulatory capital ratios are vulnerable to a loss of confidence in the current high-rate environment. The sweeping report comes against the backdrop of tightening monetary conditions after the fastest pace of interest rate increases by the Federal Reserve in decades slows demand and borrowing. The higher rates have also raised the spectre of recession and put pressure on sectors such as real estate to adjust to post-pandemic realities. Morgan Stanley analysts said the loan demand is likely to continue to weaken, with the rate of change slowing further. Rating agency peer Fitch has downgraded the United States by a notch to AA+ due to fiscal deterioration over the next three years and repeated down-to-the-wire debt ceiling negotiations.

3. Second-Hand Market

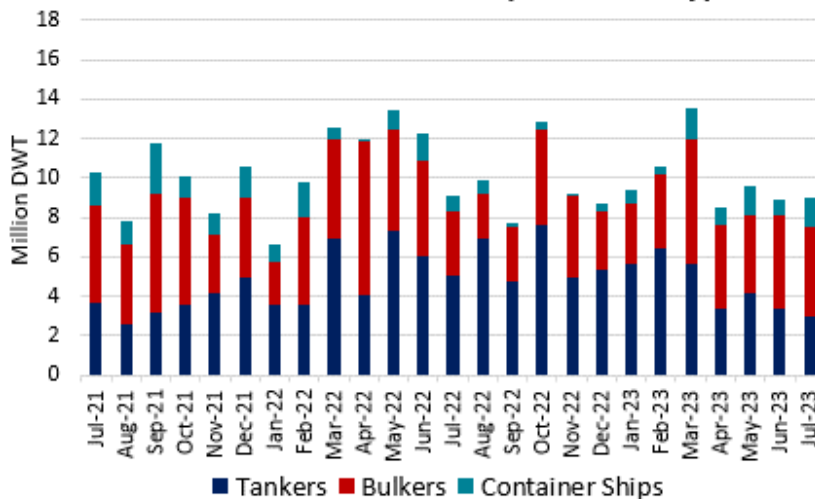
3.1 Weekly Ship Sales by Vessel Type

Vessel Type	Sub-Sector	Name	Size	Built	Yard	Price	Buyers	Surveys	Comments
Tanker	VLCC	V. Trust	301k Dwt	2017	HHI	xs \$90's	Koreans	SS 08/27 DD 09/25	
Tanker	LR1	Mandala	65k >>	2006	Brodosplit	\$21m each	N/A	SS 03/26 DD 04/24	BWTS fitted, Ice Class
Tanker		Donna						SS 06/26 DD 09/24	
Dry Bulk	Ultramax	Nord Amazon	64k >>	2020	Oshima	mid \$31m	Greeks	SS/DD 07/25	Scrubber fitted
Dry Bulk	Ultramax	Nord Everest	60k >>	2016	Oshima	xs \$24m	N/A	SS 05/26 DD 06/24	BWTS fitted, Eco ME
Dry Bulk	Handymax	KK Mineral	45k >>	2017	Tsuneishi Zhoushan	\$22m	N/A	SS 05/27 DD 07/25	OHBS
Dry Bulk	Handysize	Tomini Norte	37k >>	2016	AVIC Weihai	mid high \$17m	N/A	SS 9/26 DD 12/24	BWTS fitted
Dry Bulk	Handysize	Shikoku Island	33k >>	2014	Shin Kochi Jyuko	low mid \$13's	N/A	SS/DD 11/24	BWTS fitted, 2 years BBHP
Container	VLCS	YM Warranty	14,220 TEUs	2019	Imabari	low \$100's m each	Taiwanese	SS/DD 03/24	
Container	VLCS	YM Wellspring		2018				SS/DD 03/24	
Container	VLCS	YM Wellbeing						SS/DD 10/23	
Container	Feedermax	Ariana	2,732 TEUs	2006	Stocznia	ard \$15m	Swiss	SS 06/26 DD 06/24	BWTS fitted, Ice Class

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

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	123	97	72	56	101	74	51	38
	Suezmax	87	70	56	40	70	51	35	23
	Aframax	77	61	49	36	56	41	29	19
	Panamax	58	47	37	26	45	33	22	14
	MR	48	38	30	20	40	30	20	13
DRY BULK	Capesize	60	46	27	17	53	39	25	16
	Panamax/Kamsarmax	36	30	19	13	34	26	18	12
	Supramax/Ultramax	34	27	17	11	31	24	15	11
	Handysize	30	23	15	9	25	19	12	7
CONTAINERS	Size	Current Prices				5-Year Avg Prices (2018-2022)			
	8,800-teu / 10 yrs	57				58			
	6,600-teu / 10yrs	41				48			
	4,500-teu / 10 yrs	26				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

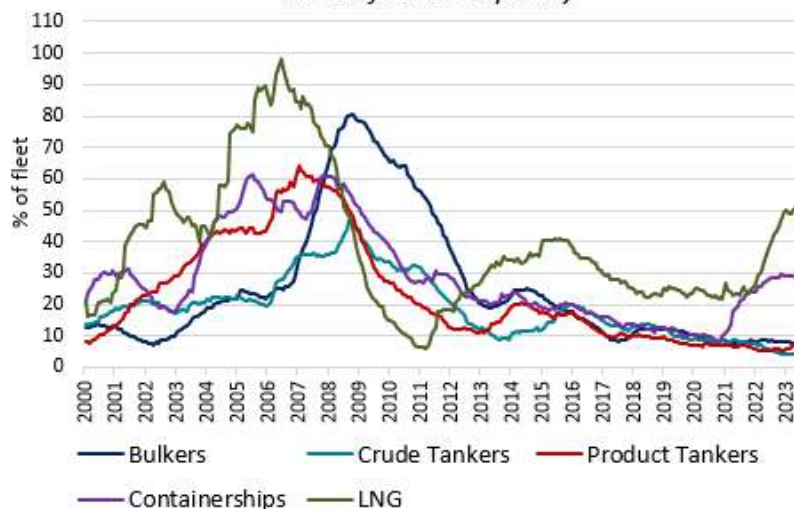
4.1 Recent Newbuilding Orders

Ship No	Type	Sub-Sector	Size	Delivery	Yard	Unit Price	Owners	Comments
2	Tanker	Suezmax	156k Dwt	Q3 2025 - H2 2026	New Times	mid high \$80's m	Singaporeans	LNG dual-fulled
4	Tanker	LR1	75k >>	2026-27	GSI	N/A	Norwegians	Methanol-ready, 15 year bb TC
2	Tanker	LR1	74k >>	2H 2025	K Shipbuilding	ard \$57m	US based	Scrubber fitted, LNG-ready
	Tanker	MR	50k >>	Q4 2025-26	China Shipbuilding	ard \$42m	Greeks	
2	Tanker	Chemical	18.5k >>	1H 2026	Wuhu	ard 30m	Chinese	EEDI Phase III, Tier II, Methanol-ready, Exercise option
1	Dry Bulk	Ultramax	63k >>	2026	New Dayang	N/A	Hong Kong based	
1	Dry Bulk	Ultramax	63k >>	2025	COSCO Zhoushan	ard \$33m	Greeks	
2	Gas	LNG	174k cbm	2027	HHI	ard \$265m	Greeks	LNG dual-fulled
10	Container	Neo Panamax	10,300 TEUs	2H 2026-27	Zhoushan Changhong	ard \$130m	Swiss	Dual fuelled, C-type LNG tanks fitted, Tier III, shaft generators, Shore power system, Energy-saving pipeline
3	Container	Panamax	3,500 >>	2025	Taizhou Sanfu	ard \$60m	US based	LNG dual-fulled

4.2 Newbuilding Asset Values & Orderbook Levels

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	66	47	59	62
	Panamax	55	55	43	51	54
	MR	45	45	34	41	44
DRY BULK	Capesize	62	63	46	61	61
	Kamsarmax	35	35	26	35	34
	Ultramax	33	33	24	33	31
	Handysize	29	29	23	30	29
CONTAINERS	10,000-teu	129	129	88	129	128
	6,600-teu	91	91	72	84	86
	5,000-teu	73	73	54	71	73
	2,600-teu	40	40	30	39	41
	1,700-teu	29	29	23	28	29

Chart 5. Shipping Orderbooks
as % of Fleet Capacity



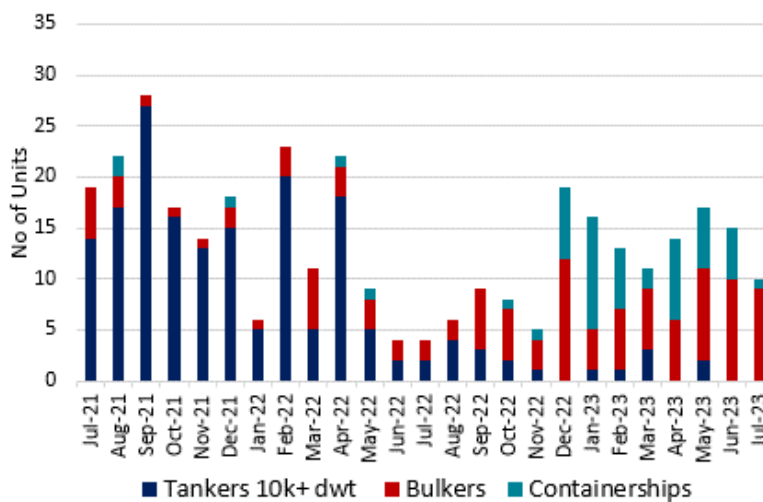
4.3 Recent Ship Recycling Activity

Type	Sub-Sector	Name	Dwt	Built	Ldt	Yard	Buyer	Price (\$/ldt)	Comment
Container	Panamax	MSC Erminia	3,720 TEUs	1993	17,694 mt	Japanese	Indians	500	
Container	Feedermax	Maersk Patras	2,890 >>	1998	12,400 mt	German	Indians	405	
Container	Feeder	MSC Lana II	1,835 >>	1999	10,351 mt	Polish	Indians	520	HKC recycling
Container	Feeder	SOL Straits	1,730 >>	1997	7,808 mt	Polish	Bangladeshi	592	including ard 250mt BROB

4.4 Scrap Values & Ship Demolition Volumes

Location	Tankers				Dry Bulk			
	Year End, \$m			Current	Year End, \$m			Current
	2020	2021	2022		2020	2021	2022	
India	405	565	530	525	405	560	525	525
Bangladesh	415	600	505	550	415	590	510	550
Pakistan	415	590	520	510	415	585	520	505

Chart 6. Ship Recycling per Vessel Type



5. Macro Indicators

Indicator		% w-o-w
ICE Brent	86.20 \$/b	1.2%
WTI	82.65 \$/b	1.3%
Spore VLSFO	663 \$/t	5.0%
GBP/USD	1.27	0.0%
USD/YEN	144.79	1.7%
EUR/USD	1.10	0.0%
USD/YUAN	7.21	0.8%
Gold	1,916.6	-1.0%
SOFR	5.30%	4.7%
EURIBOR (3m)	3.759%	1.2%



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