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## 1. Sustainability

The shipping industry is under increasing pressure to decarbonize, but unclear regulatory guidelines, including around what sorts of cleaner fuels large vessels should run, is complicating that path to net zero, according to Reuters. Global shipping firms are looking for ways to lower their carbon footprints, particularly as the International Maritime Organization (IMO), which regulates the global shipping industry, is being pushed to implement a charge on the sector's greenhouse gas emissions. The IMO's Maritime Environment Protection Committee concluded its 81st meeting last week, opens new tab, and participants agreed on a possible draft outline of an IMO net-zero framework. Those guidelines, which could bring forward a fuel standard and emissions price, are still open to discussion and could be adopted or amended at the group's next meeting this September.

Shifting to cleaner burner fuels is one path to lowering emissions but many in the industry are reluctant to make the changes needed to run new fuels - such as retrofitting engines or purchasing new vessels - given the lack of a longer-term

regulatory framework. Shipping accounts for roughly 90% of world trade and is responsible for nearly 3% of the world's carbon dioxide emissions. Most large ships currently run on very low-sulphur fuel oil, a tar-like oil that is relatively inexpensive and energy dense, meaning that a fairly small amount is needed to propel a vessel for great distances. The lack of clarity leaves players reluctant to commit to one less carbon-intensive fuel over another for their fleets, be it hydrogen-carriers methanol, ammonia, biodiesel or liquefied natural gas (LNG). Most vessel engines are designed to take one type of fuel and with an average 25-year lifespan, companies run a risk by committing to one fuel that is less developed and less predictable at scale than traditional bunkering fuel. Uncertainty around fuel and technology in the sector is also driving up costs, as companies are forced to diversify their investments across multiple fuel options while cleaner marine fuels, like methanol and ammonia, are also seeing demand from other sectors, such as across Asia where countries are seeking to decarbonize power plants away from coal.

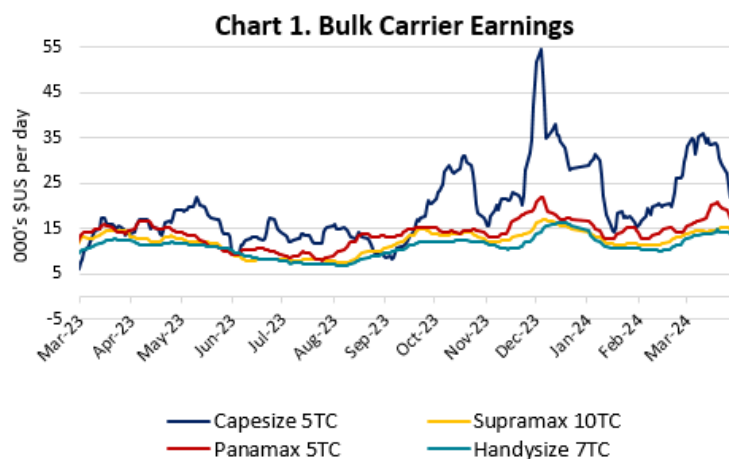
## 2. Shipping Markets Analysis

### 2.1 Dry Bulk

Despite the Eastern holidays the Sale and Purchase activity looks healthy. Demand for modern units remains strong. Two modern Ultramaxes called for offers this week, one built in 2018 in Japan and another built in 2022 in China (DACKS). The 2022 built DACKS Ultramax was rumoured to have seen levels in the region of \$35 million while the Japanese unit received an offer at \$23.5 million. To put it into perspective, Chinese yards are quoting around \$34 million for a Newbuild Ultramax while an Ultramax in Japan could cost around \$38 million. On the Supramax Sector, a 2016 built Japanese built/controlled vessel was rumoured to have seen levels in the region of \$28 million after calling for offers, a firm price compared to a 2014 built one which was sold in January for \$22 million.

Based on our records, the number of Capesize sold within the first quarter of the year is the highest in more than 10 years. A 2015 built unit was rumoured to have seen levels around \$40 million. The sellers intent to take the vessel TC back for 3 years.

The massive Singapore-flagged container ship Dali sailing out of Baltimore Harbor bound for Sri Lanka reported losing power and the ability to manoeuvre before plowing into a support pylon of the Francis Scott Key Bridge at Baltimore, with the collapse likely leading to a multi-billion-dollar insurance loss. It should be noted that Baltimore is one of the biggest coal export ports in USA with approximately 30% of the USA's 2023 total coal exports (2% of global total coal exports) being exported from there.



### 2.2 Tankers

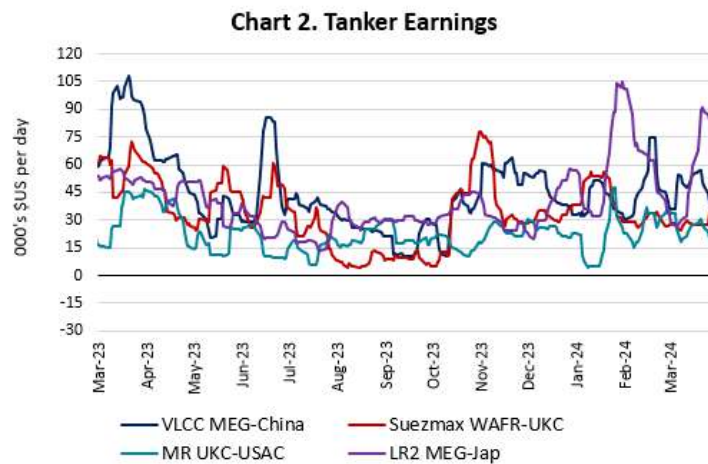
A scrubber fitted modern Aframax built in 2019 which invited offers via auction was rumoured to have attracted strong buying interest. There is strong appetite for such modern units amid a very resilient TC market. Time charter enquiry for longer period is also robust. A 2024 built LR2 was fixed for 5 years at \$36,000 per day while a couple of Newbuild Lr2's with delivery in 2025 and 2026 were fixed for \$31,000 per day for 5 Years.

The first Suezmax Recycle sale was reported this week. It is a 2000 built unit which has an lightweight of about 22,577 tonnes and was reported sold for USD per lightweight which gives a price of around \$12 million. We understand demand for such vintage units for further trading has slowed down significantly.

Tankers laden with millions of barrels of Russian diesel are floating off the coast of Brazil — with more on the way. Ships holding at least 3.2 million barrels of diesel-type fuel from Russian ports are idling in waters off the world's fifth largest country, according to Kpler and ship-tracking data, compiled by Bloomberg.

According to Reuters, Russian oil firms face delays of up to several months to be paid for crude and fuel as banks in China, Turkey and the United Arab Emirates (UAE) become more wary of U.S. secondary sanctions, eight sources familiar with the matter said.

Payment delays reduce revenue to the Kremlin and make them erratic, allowing Washington to achieve its dual policy sanction goals - to disrupt money going to the Kremlin to punish it for the war in Ukraine while not interrupting global energy flows. Several banks in China, the UAE and Turkey have boosted their sanctions compliance requirements in recent weeks, resulting in delays or even the rejection of money transfers to Moscow, according to the eight banking and trading sources. Banks, cautious of the U.S. secondary sanctions, started to ask their clients to provide written guarantees that no person or entity from the U.S. SDN (Special Designated Nationals) list is involved in a deal or is a beneficiary of a payment. Kremlin spokesperson Dmitry Peskov said payment problems exist when asked about reports that banks in China have slowed payments. "Of course, unprecedented pressure from the United States and the European Union on the People's Republic of China continues," Peskov told a daily conference call with reporters.



## 2.3 Containers

As the Panama Canal drought and the Red Sea crisis have already caused significant changes to the Far East - US East Coast route, the collapse of the Baltimore Bridge may cause an additional supply chain disruption.

Even though Baltimore is not one of the largest US East Coast ports when it comes to container terminals, it still imports and exports more than one million containers every year (around 1.1 million TEUs in 2023). New York/New Jersey and Virginia ports most likely will take over the container imports destined for Baltimore, as the two container terminals (Seagirt and Dundalk Marine) are currently inaccessible and sources suggest that the passage might reopen in May.

At the same time, Operators continue to divert vessels trading between Asia and Europe via the Cape of Good Hope as there is no resolution to the security situation in the Red Sea.

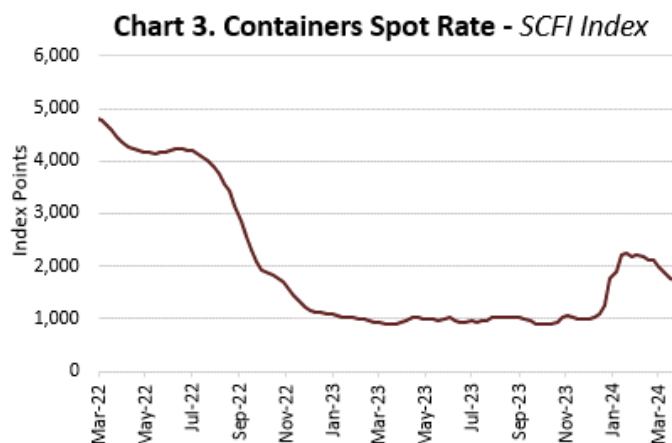
As a result of the above, the main ports in East and Central Mediterranean have seen significant reductions in average weekly vessel capacity during 1Q 2024, ranging from 20% decline for the port of Gioia Tauro to 30% for Piraeus port.

On the chartering front, according to Ningbo containerized Freight Index (NCFI), the market slightly dropped for another week. The cargo volume on routes from Ningbo to North America and Australia/New Zealand declined by 10% while the routes from Ningbo to Europe/Mediterranean adjusted slightly downward by 2%. The demand for transportation of goods from Ningbo to Middle East improved significantly by 25%, on a w-o-w basis.

The volume of reported fixtures keeps the chartering front active and healthy, especially on the smaller segments. Indicatively, a Panamax vessel fixed at \$20k/day in a short-term period for three months with delivery in Mediterranean, while a Feedermax secured employment at \$17k/day for eleven to thirteen months with delivery in NE Asia. Four Feeders reported fixed for a period between three to eight months at various rates between \$10k/day and low \$13k/day.

In the Newbuilding market, thirty-one new containerships entered the water in March: twelve Feeders, five Feedermaxes, one Panamax, four Post Panamaxes, five Neo-Panamaxes and one Megamax-24. All the above new ships increased the tonnage supply about 180k TEUs.

Lastly, it is also worth mentioning that deliveries during the first two months hit record levels About 70% coming from Chinese shipyards. It is expected that about 2.7 million TEUs will be delivered during this year.



## 2.4 Key shipping Freight Indices

Bulkers		% w-o-w	Tankers		% w-o-w	Containers		% w-o-w
BDI	1,821	-18.71	VLCC MEG-China	41,000	-19.29	SCFI	1,730.98	-0.09
Capesize 5TC	21,866	-26.51	Suezmax Wafr-UKC	30,800	13.24			
Kamsarmax 5TC	16,913	-14.73	MR UKC-USAC	18,500	-31.99			
Supramax 10TC	14,638	-3.49	LR2 MEG-Jap	64,100	-29.41			
Handysize 7TC	13,898	-2.82						

## 2.5 Finance

The Bank of Japan raised interest rates this month, ending the country’s historic era of negative interest rates. In a 7-2 majority vote, Japan’s central bank decided to increase short-term interest rates to 0-0.1%. The decision increased rates from the previously held minus 0.1% and marked the first-rate hike in Japan in 17 years, according to World Economic Forum. Negative interest rates are used by central banks as a monetary policy to stimulate economic growth and combat deflation. The policy results in charges being imposed on commercial banks and financial institutions for holding large reserves. In turn, banks were encouraged to spend and lend money into the economy, rather than save. In 2014, while confronting deflationary pressures, the European Central Bank became the first major central bank to implement negative interest rates. In subsequent years, multiple other central banks, including Japan’s in 2016, followed suit and lowered interest rates below zero. With its decision this month, Japan became the last country in the world to end a policy of negative interest rates. The Japanese economy, which has faced deflationary pressures such as wage stagnation, has seen indications of healthy inflation in recent months. In a statement announcing the policy change, the Bank of Japan (BOJ) said that the economy has “recovered moderately” and that it is “highly likely that wages will continue to increase steadily.”

Bank lending to euro zone companies and households continued to stagnate last month, with high interest rates likely to have discouraged borrowers as well as lenders, European Central Bank data showed on Thursday, according to Reuters. The ECB has jacked up borrowing costs to record highs to tame inflation but this has taken a heavy toll on the economy, which has been in the doldrums for a year. Adjusted loans to households grew by only 0.3% in February, unchanged from the previous month. Growth in credit to companies accelerated slightly to 0.4% from 0.2% in January. On the upside, the quantity of money circulating in the euro zone economy was no longer shrinking, instead growing at a still meagre 0.4% in February after a 0.1% increase in January. With inflation now under control, the ECB is expected to start cutting interest rates in June.

## 3. Second-Hand Market

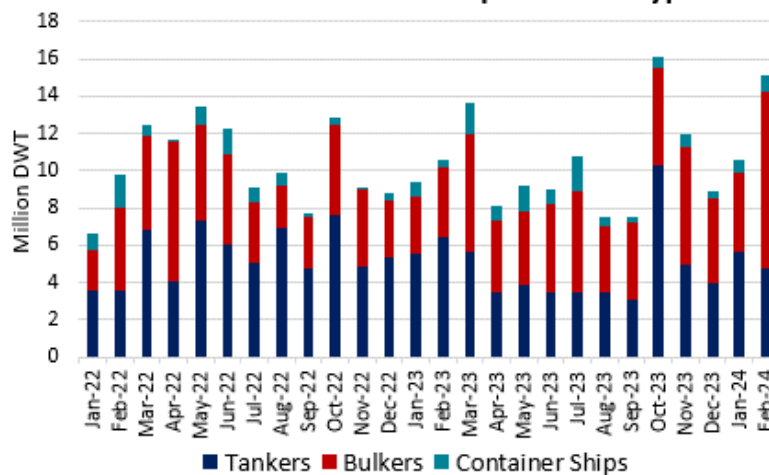
### 3.1 Weekly Ship Sales by Vessel Type

Vessel Type	Sub-Sector	Name	Size	Built	Yard	Price	Buyers	Surveys	Comments
Tanker	LR2	Alpine Aqualina	105k Dwt	2011	HHI	mid \$45m	N/A	SS 02/26 DD 10/25	BWTS/Scrubber fitted
Tanker	MR	Hansa Bergen	51k >>	2007	STX	low \$22m	N/A	SS 08/26 DD 08/24	BWTS fitted
Tanker	MR	MTM St Jean	34k >>	2003	Shin Kurushima	low \$18m	N/A	SS 06/28 DD 08/26	
Tanker	Chemical	Vestholmen	17k >>	2009	Samho	\$15m	Norwegians	SS/DD 03/24	
Dry Bulk	Panamax	Xing Ji Hai	77k >>	2009	Oshima	high \$17m	Greeks	SS/DD 10/24	BWTS fitted
Dry Bulk	Supramax	Chang Shan Hai	56k >>	2010	COSCO Dalian	high \$13m	Greeks	SS/DD 06/25	BWTS fitted
Dry Bulk	Handysize	New Legend Pearl	32k >>	2010	Jiangmen Nanyang	low \$10m	N/A	SS 07/25	BWTS fitted
Dry Bulk	Handysize	Condor Hamburg	31k >>	2012	Fujian Mawei	rgn \$11.5m	N/A	SS 01/27 DD 04/25	BWTS fitted, Ice Class
Dry Bulk	Handysize	Boshi 56	28k >>	2000	Imabari	rgn \$6m	N/A	SS/DD 03/25	BWTS fitted

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

Vessel Type		Current Prices				5-Year Avg Prices (2018-2023)			
		Resale	5 yrs	10 yrs	15 yrs	Resale	5 yrs	10 yrs	15 yrs
TANKERS	VLCC	142	112	86	58	108	82	57	43
	Suezmax	98	82	67	50	76	57	41	28
	Aframax	81	71	56	40	63	49	36	24
	Panamax	61	51	41	28	50	36	26	18
	MR	51	44	36	25	43	34	24	16
DRY BULK	Capesize	75	61	42	27	56	43	27	17
	Panamax/Kamsarmax	42	36	28	18	35	28	20	13
	Supramax/Ultramax	41	34	26	16	33	25	16	12
	Handysize	33	27	19	12	27	21	13	8
CONTAINERS	Size	Current Prices				5-Year Avg Prices (2019-2023)			
	8,800-teu / 10 yrs	55				62			
	6,600-teu / 10yrs	41				50			
	4,500-teu / 10 yrs	23				29			
	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

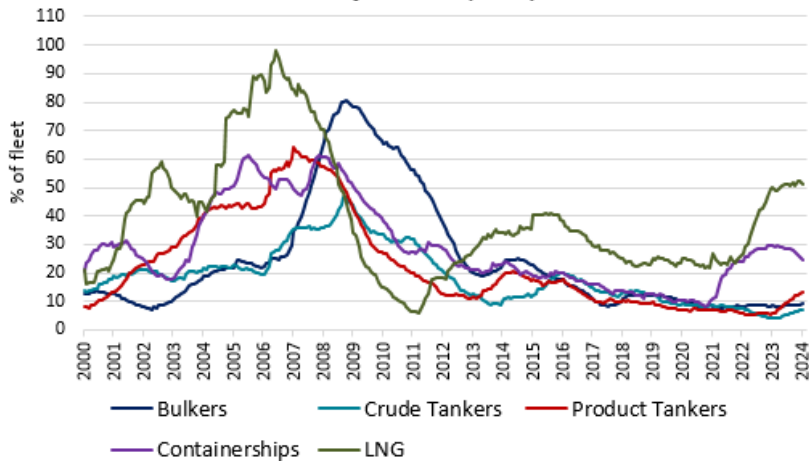
### 4.1 Recent Newbuilding Orders

Ship No	Type	Sub-Sector	Size	Delivery	Yard	Unit Price	Owners	Comments
2 + 2	Dry Bulk	Ultramax	64k Dwt	2027	New Dayang	ard low \$30's	Chinese	EEDI Phase III
8	Tanker	Suezmax	158k >>	2027-28	New Times	ard \$83m	Greeks	Scrubber fitted, LNG ready
2	Tanker	LR2	115k >>	2H 2027	Zhoushan Changhong	ard mid \$65m	Greeks	Scrubber fitted, Methanol/LNG ready
1 + 1	Tanker	Chemical	15k >>	1Q 2027	CM Jinling	N/A	Danish	Methanol dual fuelled, Wind propulsion

### 4.2 Newbuilding Asset Values & Orderbook Levels

Vessel Type		Current Prices		Year End, \$m		
		Last Week	This Week	2011	2022	2023
TANKERS	VLCC	127	128	112	120	127
	Suezmax	85	86	76	80	84
	Aframax	70	71	59	62	69
	Panamax	58	59	51	54	56
	MR	48	48	41	44	46
DRY BULK	Capesize	70	70	61	61	65
	Kamsarmax	36	36	35	34	36
	Ultramax	34	34	33	31	34
	Handysize	31	31	30	29	31
CONTAINERS	10,000-teu	157	157	129	128	130
	8,000-teu	118	118	84	86	91
	5,000-teu	77	77	71	73	74
	2,600-teu	40	40	39	41	40
	1,700-teu	29	29	28	29	29

Chart 5. Shipping Orderbooks  
as % of Fleet Capacity

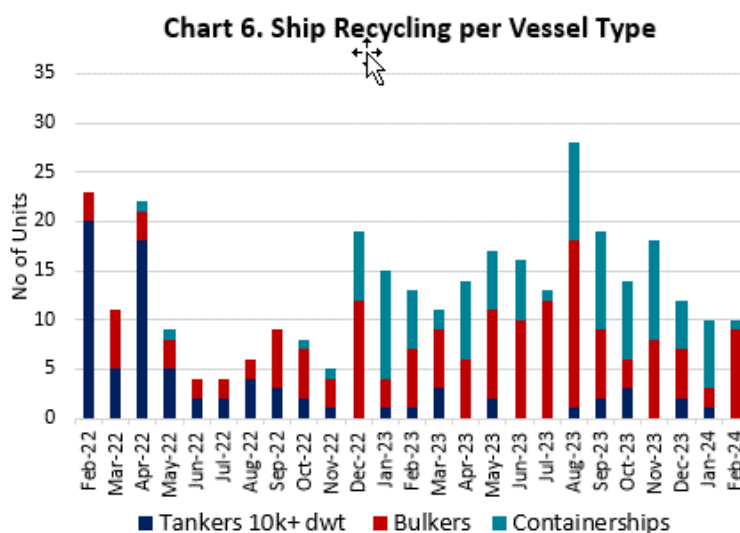


## 4.1 Recent Ship Recycling Activity

Type	Sub-Sector	Name	Dwt	Built	Ldt	Yard	Buyer	Price (\$/ldt)	Comment
Dry Bulk	General Cargo	BOS Lina	11k	1991	3,287 mt	Japanese	Indians	505	
Dry Bulk	General Cargo	Oscar 1	8.6k	1995	2,516 mt	Japanese	Pakistani	N/A	
Tanker	Suezmax	Jal Gamini	157k	2000	22,572 mt	Korean	N/A	541	
Tanker	Small Tanker	Xin Run 66	4.9k	2004	2,908 mt	Chinese	Bangladeshi	530	
Tanker	Small Tanker	LMS Laxapana	3.2k	1986	1,205 mt	Japanese	Bangladeshi	N/A	
Container	Feedermax	Stride	2,181 TEUs	1997	8,952 mt	Korean	N/A	120	"As is" Houston, Fire damaged, incl. ROB 585 mt

## 4.2 Scrap Values & Ship Demolition Volumes

Location	Tankers				Dry Bulk			
	Year End, \$m			Current	Year End, \$m			Current
	2021	2022	2023		2021	2022	2023	
India	565	530	495	490	560	525	500	480
Bangladesh	600	505	485	500	590	510	485	515
Pakistan	590	520	510	510	585	520	505	515



## 5. Macro Indicators

Indicator		% w-o-w
ICE Brent	87.07 \$/b	2.2%
WTI	83.11 \$/b	3.2%
Spore VLSFO	637.50 \$/t	-1.0%
GBP/USD	1.26	0.0%
USD/YEN	151.3	-0.1%
EUR/USD	1.08	0.0%
USD/YUAN	7.23	0.1%
Gold	2,232.8	2.6%
SOFR	5.33%	0.4%
EURIBOR (3m)	3.908%	-0.4%



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