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## 1. Sustainability

BP has agreed to buy grain trader Bunge's 50% stake in Brazilian sugar and ethanol joint venture BP Bunge Bioenergia for \$1.4 billion in a bet on growing demand for low-carbon biofuels, according to Reuters.

Following the completion of the deal, expected by end-2024, BP will take full ownership of Bioenergia which has production capacity of around 50,000 barrels a day of ethanol equivalent from sugarcane. BP will consolidate Bioenergia's debt and lease obligations of \$1.2 billion, it said, meaning it will pay out a total of \$800 million to Bunge, according to Reuters calculations. The acquisition comes amid growing investor concern over BP's strategy after ratings agency S&P Global earlier this month revised down BP's credit outlook, citing slower than expected debt reduction. BP said the acquisition is expected to meet its returns threshold for bioenergy of more than 15% and will be within its existing annual spending framework of around \$16 billion. BP Bunge Bioenergia is one of the largest sugar and ethanol operations in Brazil. It runs 11 mills in five states, with capacity to process 32 million metric tons of sugarcane per season. Beyond ethanol, it produces more than 1 million tons of sugar per year.

Bunge has been trying to sell its sugar and ethanol assets in Brazil for some years. It had talks with possible buyers of its stake in the JV in 2022, with no deal. Later, it was disclosed that BP would likely exercise its right of first refusal over any outside bid, and buy Bunge out. Bunge shares were up around 1% on Thursday, while BP rose 0.8%. Ethanol has been a difficult business in Brazil, with companies hardly making any money, said William Orzari, a partner at consultancy FG/A. He believes BP is looking at the long term with the deal, possibly seeking to guarantee supplies of low-carbon biofuels to produce sustainable aviation fuel (SAF). Sugarcane-based ethanol has a low carbon footprint. Several companies in the country have obtained certification to supply SAF.

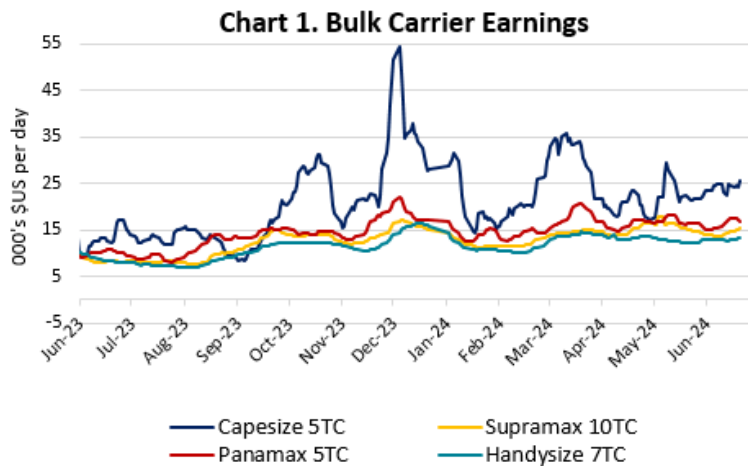
BP also said on Thursday it is scaling back plans for the development of new biofuels projects.

The company is pausing two biofuel projects at its Lingen refinery in Germany and its Cherry Point refinery in the U.S. state of Washington. It is assessing three other projects. "Taken together, these changes can enable us to deliver the growth and returns we expect from biofuels, but in a simpler, more focused way. This is fully in line with BP's priorities of driving focus into the business and growing shareholder returns," BP's head of customers and products said.

## 2. Shipping Markets Analysis

### 2.1 Dry Bulk

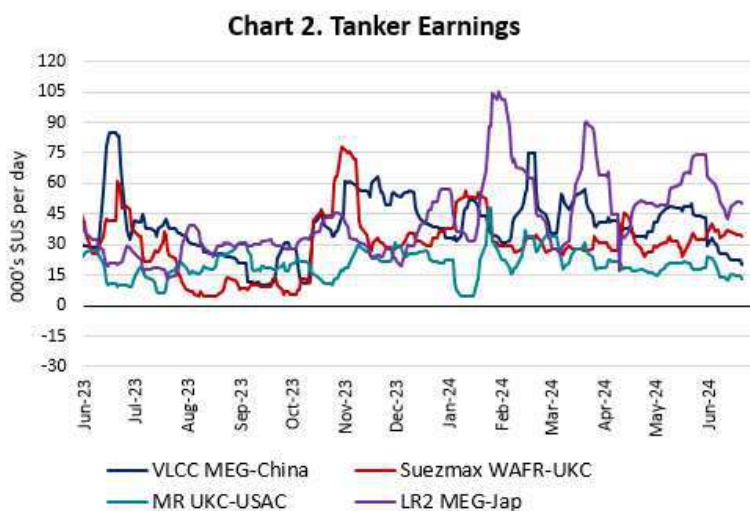
This week SnP activity was mainly concentrated around gearless vessels. A 2008 built Japanese Newcastlemax with TC attached was sold for high \$26 million. A 2009 built similar vessels was sold for \$32.75 million back in March albeit TC free. A 209k dwt 2016 built Chinese Newcastlemax was sold for \$55 million a price somewhere in line with a same age Korean unit (206k dwt) which was sold at similar levels. On the Capesize segment, a 181k dwt 2016 built in SWS, China was sold for \$50.5 million to Greeks. On the Kamsarmaxes, a 2018 built Japanese affiliated unit was sold for region \$36 million to Greeks, a firm price compared to 2021 pure Japanese vessels which was sold for excess \$39 million with TC attached. Activity on Supramaxes and Ultramax was modest with a 2007 Japanese Supramax 55k was rumored sold in the mid/high \$14's million while a modern Japanese Ultramax built in 2020 was sold for \$38.3 million.



### 2.2 Tankers

Limited fresh SnP activity reported on the tankers. A 2008 Korean buld LR-1 tanker was sold for \$29.75 million, a firm price compared to a same age unit which was apparently sold for \$29 million last month. Market sources suggest that a Suezmax 2010 Chinese built was sold for \$48 million, a million above the exact sistership which was sold in April this year.

A Greek Company is under discussions for five LR1 tankers with delivery in 2027 and 2028. If the order is confirmed that will bring the total orderbook of LR1 tankers to around 60 vessels or almost 13% of the operational fleet. Interesting to note is that the LR-1 fleet is the oldest one with 60% of the fleet presently at 15 years old or older.



## 2.3 Container

The Red Sea's congestion persists with some Operators adding new services and others entering the Transpacific market for the first time since the pandemic.

Demand has increased suitability ahead of the peak season as importers rush to secure the goods amid the geopolitical tensions. Concerns about a potential US East Coast and Gulf port labour strike in October and recent port strikes in Germany and France are also contributing to the surge.

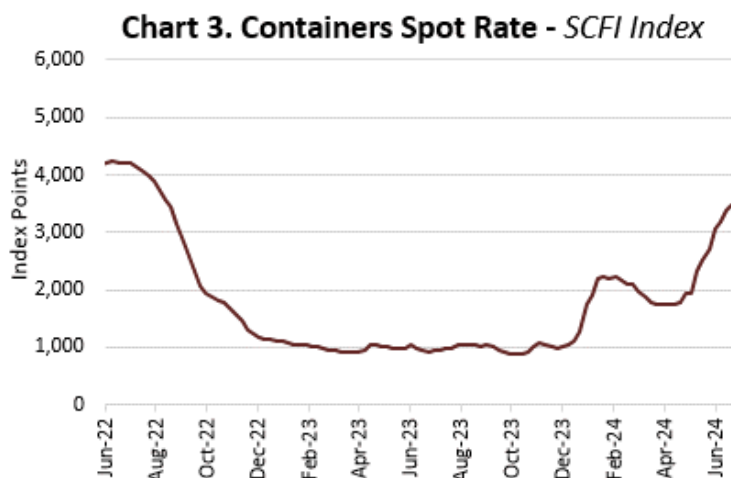
Global fleet remains almost fully employed, leading to a tight container ship market. As a result, daily charter rates have skyrocketed, with some carriers paying over \$100k/day for a short-term fixture. However, despite easing, freight rates out of China continue to rise due to strong demand and bottlenecks in Asian ports, with average spot rates from Shanghai to California nearing \$7k per FEU. These increased spot rates could lead to higher inflation in the US and Europe.

For the second consecutive week, the newbuilding sector remained active, with European owners and operators playing a significant role. A French global operator has placed a massive order with South Korean shipyards for the construction of 20 vessels. HHI and Hyundai Samho will build 12 Very Large Containerships (VLCS) of 16,000 TEUs and eight Post-Panamaxes of 8,000 TEUs, all of which will be LNG dual-fuelled and delivered in 2027 and 2028. Additionally, Hudong-Zhoughua shipyard will construct four methanol-ready VLCS (14,000 TEUs) equipped with scrubbers for German interests, with deliveries scheduled for 2026 and 2027. The cost of each vessel is estimated to be around \$145 million.

In the recycling market, three units have been sold to Indian Cash Buyers. The deals include a 1999 Polish-built Feeder, which was sold at \$570/LDT and a 1991 German-built small Feeder, which fetched \$485 per LDT. Additionally, a slightly newer 2007 small Feeder was also sold, although the exact price was not disclosed.

The Northwest American ports of Seattle and Tacoma, in the port/terminals segment, reported an 8% increase in total volume year-to-date, reaching approximately 1.2 million TEUs. Imports rose by 12.5%, while exports increased by 21%. Container volumes in May grew by around 20.5% compared to the same month last year.

A French Operator is upgrading its liner service between India and the USA to meet the high demand for cargo transportation. Every week, an 8,500 TEU vessel will depart from Indian ports and head to US East Coast ports, ensuring priority berthing at their own terminals. The service is expected to begin in mid-August 2024 and will feature a 77-day round-trip rotation via the Cape of Good Hope. Meanwhile, the same operator has announced a new service that will commence at the end of June 2024, connecting Asia to Southeast India and Sri Lanka with a fortnightly port rotation between Singapore, Chennai, and Colombo.



## 2.4 Key shipping Freight Indices

Bulkers		% w-o-w	Tankers		% w-o-w	Containers		% w-o-w
BDI	1,984	2.16	VLCC MEG-China	20,100	-13.73	SCFI	3,475.60	2.85
Capesize 5TC	25,533	3.16	Suezmax Wafr-UKC	34,100	-7.08			
Kamsarmax 5TC	16,799	-2.78	MR UKC-USAC	13,300	-3.62			
Supramax 10TC	15,278	5.76	LR2 MEG-Jap	50,000	9.89			
Handysize 7TC	13,394	5.12						

## 2.5 Finance

JPMorgan Chase is seeing signs of an improving economy in China that will bolster the bank's business in the country after a sluggish period, its CEO of asset and wealth management Mary Erdoes said, according to Reuters. U.S. companies are assessing their prospects in China as its economy recovers unevenly and relations worsen between the two nations. For banks, sluggish capital markets have weighed on activity in China, and investors are watching the effect of government support measures on the economy.

China's consumer spending is showing some signs of recovery, and while the country is still grappling with real estate problems, the government is looking at ways to fix those, both "positive signs", she said. JPMorgan became the first foreign owner of a brokerage in China in 2021 and its asset management unit in China employs 400 people. It has been among those to cut jobs in the country this year, Reuters reported last month.

## 3. Second-Hand Market

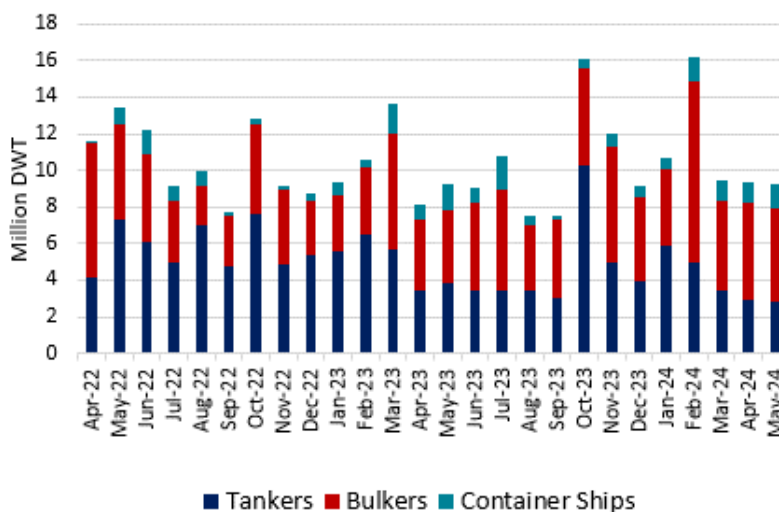
### 3.1 Weekly Ship Sales by Vessel Type

Vessel Type	Sub-Sector	Name	Size	Built	Yard	Price	Buyers	Surveys	Comments
Tanker	Aframax	Alpine Confidence	107k >>	2010	Tsuneishi	\$43.8m	Chinese	SS/DD 03/25	BWTS fitted
Tanker	LR2	Norvic Monia	105k >>	2008	HHI	\$41.9m	N/A	SS/DD passed	BWTS fitted
Tanker	LR2	Sanmar Sonnet	99k >>	1997	Namura	N/A	N/A	SS/DD 09/25	
Tanker	LR1	Avra Patros	74k >>	2008	Sungdong	high \$29m	Greeks	SS/DD passed	
Tanker	MR	Calandria	45k >>	2012	Shin Kurushima	\$32.7m	N/A	SS 04/26	BWTS fitted
Tanker	Chemical	Songa Challenge	19k >>	2009	Usuki	\$23m	Korean	SS/DD 08/24	BWTS fitted, StSt
Dry Bulk	Newcastlemax	Classic Aro	206k >>	2008	Imabari	high \$26m	Chinese	SS 09/25	BWTS/Scrubber fitted, TC
Dry Bulk	Panamax	Coral Jasper	78k >>	2012	Shin Kurushima	high \$22m	Greeks	SS 05/27 DD 09/25	BWTS fitted
Dry Bulk	Ultramax	Western Oslo	63k >>	2019	Nantong Xiangyu	\$32m	Koreans	SS/DD 12/24	BWTS fitted, Eco ME
Dry Bulk	Supramax	Guo Tai Ping An	56k >>	2011	Qingshan	\$14m	N/A	SS 12/26 DD 12/24	BWTS fitted
Dry Bulk	Supramax	Aulac Vanguard	55k >>	2012	IHI	\$18.7m	Greeks	SS/DD 06/25	BWTS fitted, Eco ME
Dry Bulk	Supramax	Bright Hero	55k >>	2010	Mitsui	\$16.7m	Chinese	SS/DD 10/25	BWTS fitted
Dry Bulk	Handysize	Western Panama	39k >>	2015	Jiangmen Nanyang	rgn \$18.5m	Thais	SS/DD 01/25	BWTS fitted, Eco ME
Dry Bulk	Handysize	Nordic Nanjing	34k >>	2013	Yangzhou Guoyu	\$15m	Turkish	SS 04/28 DD 04/26	BWTS fitted, Eco ME
Dry Bulk	Handysize	Charana Naree	33k >>	2005	Shin Kochi Jyuko	high \$10m	N/A	SS/DD 09/25	BWTS fitted
Dry Bulk	Handysize	Pan Ivy	32k >>	2010	Taizhou Maple	low \$10m	N/A	SS/DD 09/25	BWTS fitted
Dry Bulk	Handysize	Gold Dust	28k >>	2012	Imabari	\$12m	Vietnamese	SS 05/25 DD 05/26	BWTS fitted
Container	Feeder	ARA Amsterdam	1,025 TEUs	2010	Fujian Mawei	\$8.75m	Germans	SS/DD 06/25	
Container	Small Feeder	HS Busan	962 >>	2006	Dae Sun	rgn \$7m	N/A	SS 12/26 DD 11/24	

### 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	144	114	86	58	108	82	57	43
	Suezmax	98	82	67	50	76	57	41	28
	Aframax	83	71	58	42	63	49	36	24
	Panamax	62	52	42	30	50	36	26	18
	MR	52	45	37	27	43	34	24	16
DRY BULK	Capesize	76	62	44	28	56	43	27	17
	Panamax/Kamsarmax	42	37	29	18	35	28	20	13
	Supramax/Ultramax	41	35	27	16	33	25	16	12
	Handysize	34	28	20	12	27	21	13	8
CONTAINERS	Size	Current Prices				5-Year Avg Prices (2019-2023)			
	8,800-teu / 10 yrs	60				62			
	6,600-teu / 10yrs	48				50			
	4,500-teu / 10 yrs	31				29			
	2,600-teu / 10 yrs	25				20			
	1,700-teu / 10 yrs	16				15			

Chart 4. Sales Volumes per Vessel Type



## 4. Newbuilding & Ship Recycling Markets

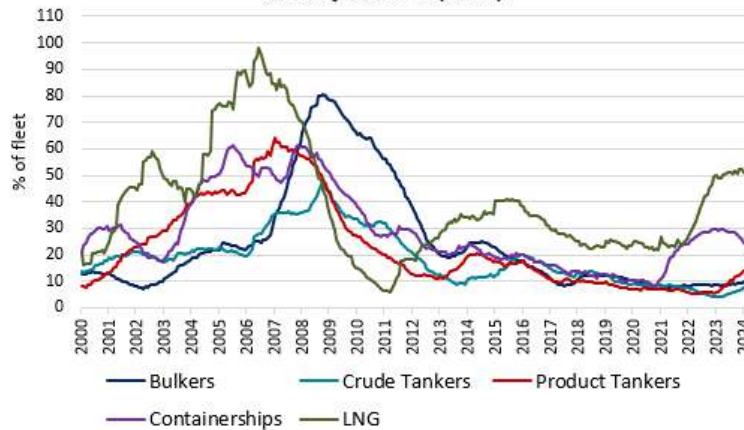
### 4.1 Recent Newbuilding Orders

Ship No	Type	Sub-Sector	Size	Delivery	Yard	Unit Price	Owners	Comments
4	Dry Bulk	Ultramax	63.5k Dwt	2H 2026-27	Jiangsu Hantong	ard \$34.5m	Chinese	Tier III
12	Container	VLCS	16,000 TEUs	2027-28	HHI	ard \$200m	French	LNG dual fuelled
4	Container	VLCS	14,000 >>	2026-27	Hudong-Zhonghua	ard \$145m	Germans	Scrubber fitted, methanol ready
8	Container	Post Panamax	8,000 >>	2027-28	Hyundai Samho	N/A	French	LNG dual fuelled

### 4.2 Newbuilding Asset Values & Orderbook Levels

Vessel Type		Current Prices		Year End, \$m		
		Last Week	This Week	2011	2022	2023
TANKERS	VLCC	129	129	112	120	127
	Suezmax	88	88	76	80	84
	Aframax	73	73	59	62	69
	Panamax	60	61	51	54	56
	MR	50	50	41	44	46
DRY BULK	Capesize	74	75	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	158	129	128	130
	8,000-teu	120	121	84	86	91
	5,000-teu	78	79	71	73	74
	2,600-teu	41	41	39	41	40
	1,700-teu	29	29	28	29	29

Chart 5. Shipping Orderbooks  
as % of Fleet Capacity



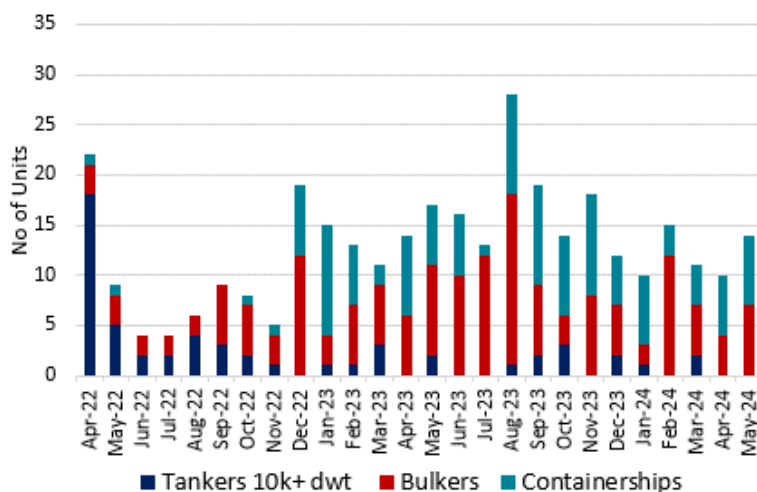
## 4.1 Recent Ship Recycling Activity

Type	Sub-Sector	Name	Dwt	Built	Ldt	Yard	Buyer	Price (\$/ldt)	Comment
Container	Feeder	MSC Tia II	1,835 TEUs	1999	10,421 mt	Polish	Indians	570	
Container	Small Feeder	MSC Grace F	902 >>	1991	7,370 mt	German	Indians	545	incl. 150mt BROB
Container	Small Feeder	Far East Grace	599 >>	2007	3,652 mt	Chinese	Indians	N/A	

## 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	515	560	525	500	515
Bangladesh	600	505	485	515	590	510	485	520
Pakistan	590	520	510	515	585	520	505	515

Chart 6. Ship Recycling per Vessel Type



## 5. Macro Indicators

Indicator		% w-o-w
ICE Brent	85.71 \$/b	4.1%
WTI	82.17 \$/b	5.2%
Spore VLSFO	613.5 \$/t	2.6%
GBP/USD	1.27	0.0%
USD/YEN	158.92	0.5%
EUR/USD	1.07	0.0%
USD/YUAN	7.26	0.1%
Gold	2,360.6	2.2%
SOFR	5.33%	0.4%
EURIBOR (3m)	3.712%	-0.2%



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