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1. Sustainability

US-based Chevron Shipping Co and Japan’s Mitsui OSK Lines are embarking on an industry first by fitting two wind sails to an LNG carrier newbuilding, according to Tradewinds.

The two companies have agreed to install Wind Challenger - a hard sail wind-assisted ship propulsion system developed by MOL and Oshima Shipbuilding - on a new 174,000-cbm LNG carrier The newbuilding has been chartered by energy major Chevron subsidiary from Chevron Shipping on a long-term basis from MOL Encean.

Illustrative material provided shows an LNG carrier fitted with two of the telescopic Wind Challenger sails mounted on the port and starboard sides of the vessel in the bow region. The LNG newbuilding is due for delivery from Hanwha Ocean in 2026. This vessel will mark the world’s first LNG carrier equipped with wind-assisted ship propulsion systems, Chevron Shipping said. It follows MOL being granted approval in principle by Class NK for an LNG carrier with a wind assisted propulsion system.

To date Wind Challenger has been fitted to two bulk carrier newbuildings but MOL has said it wants to roll the system out to other ship types. Chevron Shipping, which last year announced it a green technologies retrofit plan for its owned LNG carriers, said the new sail system will help reduce fuel consumption and greenhouse gas emissions. Additional safety measures include a fully enclosed navigation bridge and a lookout station on the vessel’s fore deck to further enhance visibility, the company said.

Chevron Shipping said that for tradability, the installation position of the Wind Challenger sails aims to minimise impact on the existing design of membrane type LNG carriers. The company said it will allow for the retention of the existing mooring arrangement and so minimise impacts on ship-shore compatibility and the vessel’s windage area. Chevron Shipping president Barbara Pickering said: “We’re proud to partner with MOL in Wind Challenger’s industry-first LNG installation. This is another example of using novel approaches in hard-to-abate sectors to reduce carbon intensity in our LNG fleet.”

2. Shipping Markets Analysis

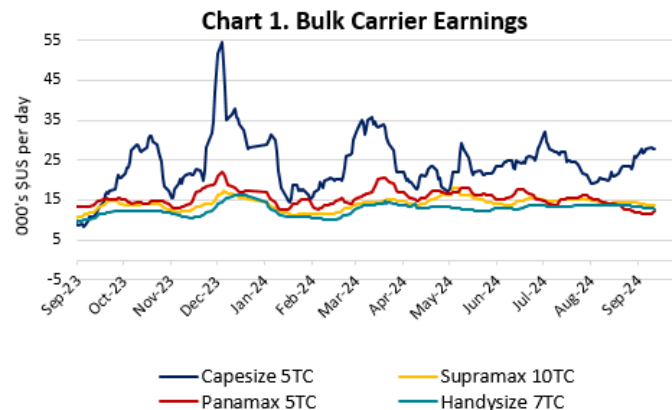
2.1 Dry Bulk

SnP activity has picked up lately, however second hand values look to be losing some ground. An influx of fresh vessels for sale coming in the market and less keen buyers to commit on last done made values look softer. Two scrubber fitted Japanese Kamsarmaxes which called for offers were rumoured to have received limited interest. Interesting to note is that despite the Scrubber spread in Singapore being around 150 \$/tonne and Japanese Kamsarmaxes is one design which is sought after, prospective buyers are moving slowly looking for market directions. Similar story was in the case of a couple of Ultramaxs which were eventually withdrawn. The Capesize Market on the other hand, is a different story of its own. A 2004 Scrubber fitted Capesize was reported sold around \$20 million, a firm price compared to a 2006 which was sold below \$19 million back in July. Capesize Rates have been rather strong so far this year, with Chinese buyer dominating the buying front followed by the Greeks.

Ultramax earnings have outperformed Kamsarmax earnings so far this year by around 1,000 \$/day. The gap between 5 year-old Kamsarmax versus 5 year-old Ultramax has been reduced significant and currently stands at \$1.5-\$1.7 million (at the start of the year Kamsarmax values had a premium of around \$3.4 million over Ultramax). The average premium over the past five years for a 5-year-old Kamsarmax vessel versus to a 5-year-old Ultramax vessel has been approximately \$2.6 million.

COSCO's huge Newbuild plan is taking shape with more than 40 bulkers orders reported the last couple of weeks. The company placed an order for thirty-seven Kamsarmaxes and five Ultramaxs in China.

Vale increased its iron ore production guidance by 3%-4%. The company expects to produce 323 million to 330 million tonnes of iron ore, adding around 10 million tonnes of production.



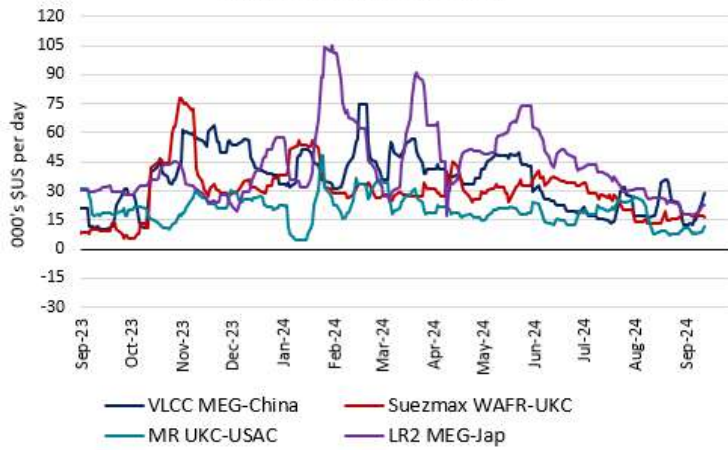
2.2 Tankers

SnP tanker activity remains muted with only a handful of fresh sales reported mainly on the LR1 space. Second hand values look softer especially for older vessels.

According to Bloomberg, Chinese refiners are likely buying a combined 16 million barrels of oil a month to replenish the nation's Strategic Petroleum Reserve at current low prices, according to Energy Aspects Ltd. The industry consultant said this in a note shared with clients on Friday, citing recent meetings with Chinese energy majors.

Oil settles near 3-year low on weak demand outlook.

Chart 2. Tanker Earnings



2.3 Container

Despite Container capacity grew around 10% this year, market remains resilient amid Container trade growth (TEU-Miles) increasing by almost 17%. Red Sea disruption continues to benefit the market, with estimates of more than 700 vessels currently rerouting via the Cape of Good Hope, pushing container demand up by around 13%.

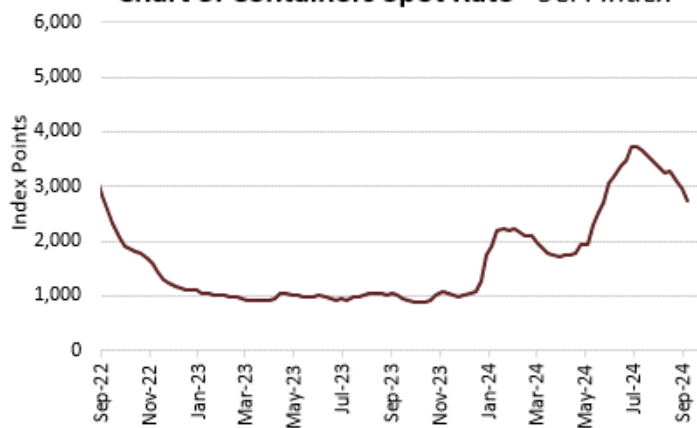
The SCFI index has dropped recently however it is still almost 2.5 times higher compared to December 2023 levels.

Newbuild activity remains robust. So far this year, more containers have been ordered compared to the entire 2023. The orderbook as a percentage of the fleet currently stand at 23%.

The Freight market remains steady. However, there is a noticeable rise in the number of operators seeking forward coverage for Panamax and larger vessels, driven by constrained supply.

Two older Post-Panamaxes (Samsung 5500) have secured a three-year extension with a Danish shipping line at rates nearing \$40k per day, set to commence in early 2025. Meanwhile, negotiations are ongoing for potential extensions or new charters for other Post-Panamax vessels anticipated to be released next year.

Chart 3. Containers Spot Rate - SCFI Index



2.4 Key shipping Freight Indices

Bulkers		% w-o-w	Tankers		% w-o-w	Containers		% w-o-w
BDI	1,927	0.42	VLCC MEG-China	28,900	93.96	SCFI	2,510.95	-7.91
Capesize 5TC	27,986	4.67	Suezmax Wafr-UKC	16,400	-1.20			
Kamsarmax 5TC	12,204	4.32	MR UKC-USAC	11,600	34.88			
Supramax 10TC	13,884	-13.55	LR2 MEG-Jap	22,900	27.93			
Handysize 7TC	12,781	-2.97						

2.5 Finance

ECB cut rates 25 bps for the second time this cycle, reducing its key deposit rate to 3.50% as expected, but it reiterated that services inflation remains high and it would keep rates sufficiently restrictive for as long as necessary, according to Reuters. ECB chief Christine Lagarde said the rate path was not predetermined and that the central bank would decide rates meeting by meeting, with no pre-commitments.

With traders much more confident in back-to-back rate cuts from the U.S. Federal Reserve starting next Wednesday, focus was on how ECB divergence from its Atlantic peer would impact markets. Traders expect around 100 bps of Fed rate cuts this year starting with a 25 bps move, meaning they also see a jumbo 50 bps cut at one of three meetings. By the end of next year, traders reckon the Fed will have delivered 10 25-basis-point cuts while the ECB will deliver six.

With the currency impact the main channel through which Fed moves would impact the ECB's thinking, analysts said the ECB would have to be mindful of euro strength. A stronger currency could bring an unwelcome tightening in financial conditions for the bloc's sluggish economy

3. Second-Hand Market

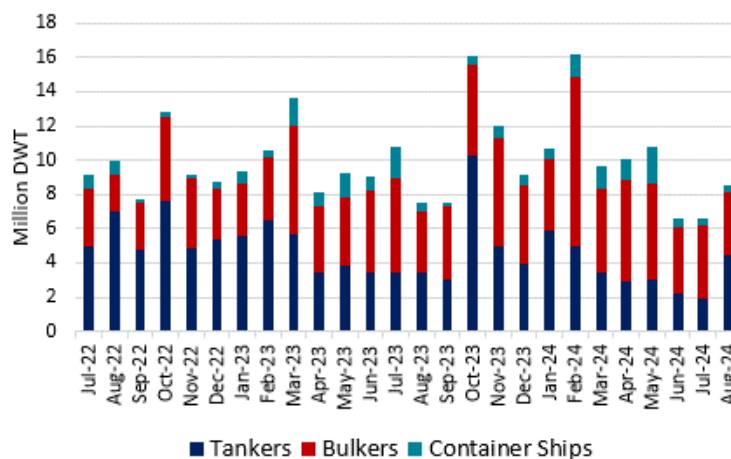
3.1 Weekly Ship Sales by Vessel Type

Vessel Type	Sub-Sector	Name	Size	Built	Yard	Price	Buyers	Surveys	Comments
Tanker	LR1	Conqueror	70k Dwt	2004	STX	\$19m	Chinese	SS/DD passed	BWTS fitted
Tanker	MR	Pioneer	49k >>	2005	Daewoo	\$18m	N/A	SS/DD 01/25	BWTS fitted
Dry Bulk	Newcastlemax	Mineral Charlie	205k >>	2012	HHIC	rgn \$39m	N/A	SS 02/27 DD 04/25	
Dry Bulk	Capesize	Nord Magnes	179k >>	2011	HHIC	rgn \$31m	N/A	SS 11/26	BWTS/Scrubber fitted
Dry Bulk	Capesize	Alpha Prudence	178k >>	2008	SWS	\$24.5m	N/A	SS 01/28 DD 01/26	BWTS fitted
Dry Bulk	Capesize	Glovis Ambition	172k >>	2002	Nippon Kokan	low \$14m	N/A	SS 07/27 DD 08/25	BWTS fitted
Dry Bulk	Supramax	Sparna	54k >>	2006	Oshima	\$14m	Chinese	SS/DD 01/26	BWTS fitted
Dry Bulk	Handysize	Elegant Emilie	33k >>	2008	Shin Kochi	\$12.5m	N/A	SS/DD 09/25	
Dry Bulk	Handysize	Maple Fortitude	32k >>	2011	Taizhou Maple	rgn \$11m	N/A	SS 03/26	

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	67	57	47	31	50	36	26	18
	MR	57	49	40	27	43	34	24	16
DRY BULK	Capesize	76	62	44	28	56	43	27	17
	Panamax/Kamsarmax	42	37	28	17	35	28	20	13
	Supramax/Ultramax	40	35	26	15	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	64				62			
	6,600-teu / 10yrs	52				50			
	4,500-teu / 10 yrs	35				29			
	2,600-teu / 10 yrs	27				20			
	1,700-teu / 10 yrs	19				15			

Chart 4. Sales Volumes per Vessel Type



4. Newbuilding & Ship Recycling Markets

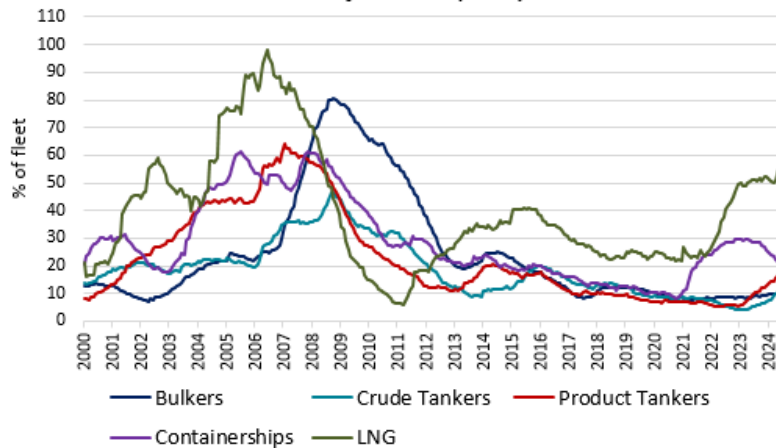
4.1 Recent Newbuilding Orders

Ship No	Type	Sub-Sector	Size	Delivery	Yard	Unit Price	Owners	Comments
2	Tanker	MR	49.5k Dwt	2H 2027	GSI	ard \$45m	Germans	Methanol ready, Scrubber fitted EEDI Phase III, Tier III
2	Container	Panamax	4,300 TEUs	2028	Guangzhou Wenchong	ard \$60m	Turkish	Options declared
2	Gas	LNG	175k cbm	2028	Dalian	ard \$254.5m	Chinese	

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	89	89	76	80	84
	Aframax	74	74	59	62	69
	Panamax	61	61	51	54	56
	MR	51	51	41	44	46
DRY BULK	Capesize	76	76	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	125	127	84	86	91
	5,000-teu	80	80	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

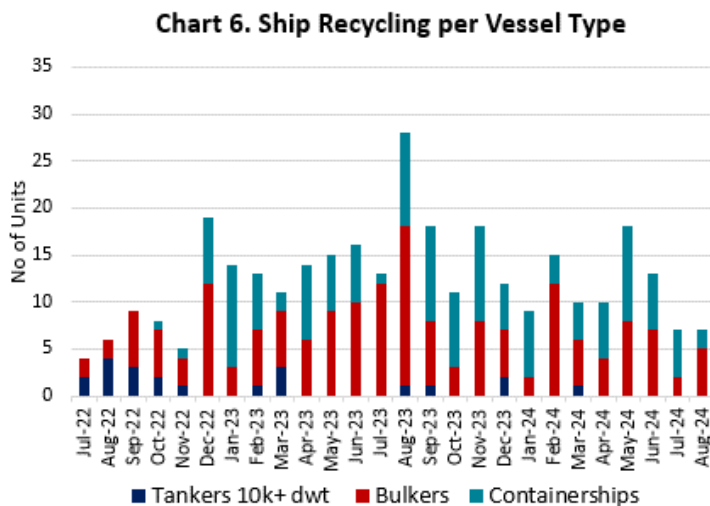


4.1 Recent Ship Recycling Activity

Type	Sub-Sector	Name	Dwt	Built	Ldt	Yard	Buyer	Price (\$/ldt)	Comment
Dry Bulk	Handysize	Ela	34k	1996	8,957 mt	China	Indians	N/A	
Tanker	MR	Aquila	35k	1999	8,481 mt	Korean	N/A	525	"As is" Oman

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	485	560	525	500	480
Bangladesh	600	505	485	500	590	510	485	495
Pakistan	590	520	510	490	585	520	505	480



5. Macro Indicators

Indicator		% w-o-w
ICE Brent	72.29 \$/b	-0.6%
WTI	69.30 \$/b	0.1%
Spore VLSFO	579 \$/t	-8.2%
GBP/USD	1.31	-0.8%
USD/YEN	140.87	-1.5%
EUR/USD	1.11	0.0%
USD/YUAN	7.11	0.3%
Gold	2,563.6	1.8%
SOFR	5.32%	-0.4%
EURIBOR (3m)	3.467%	0.5%



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