Campbell Johnston Clark
CJC EXCHANGE

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Gibson Sale & Purchase Market Report

GIBSON SHIPBROKERS

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Tankers – One Year On

Exactly one year ago, Putin's Russia announced its ill-judged 'special military operation' into Ukraine that soon escalated into a blatant war that has led to self-inflicted ostracism through western sanctions and a complete reconfiguration of energy infrastructure and established trading patterns in gas, oil and products. With exorbitant rates on offer for those willing and able to trade Russian cargoes the tanker market saw an explosion of sales to predominantly undisclosed and new entity buyers at exponentially rising prices, most often felt in the vintage aframax segment, in particular with hitherto unheard-of premia paid for Baltic trading ice class notation tonnage.

With no signs of military de-escalation or détente, this week exemplifies the new normal, as vintage crude tankers still loom large on the sales sheet with **"YELLOW TRADER"** (158,609 dwt/built 2004 Daewoo, Korea) sold at US$35m to undisclosed interests, whereas January-February 2022 saw same aged suezmaxes sold in the US$15s m range, or this week's aframax **"OAKA"** (106,395 dwt/built 2003 Tsuneishi, Japan) sold at xs US$24m contrasting with early February 2022's sale of **"GUNDALA"** (107,127 dwt/built Imabari, Japan) at US$11.7m. This clambering for vintage tonnage, as the lowest-priced market entry point, has enabled traditional shipowners to divest themselves of ageing tonnage often in excess of double their 2022 value, but in turn a ripple-up effect on modern values has seen traditional players take time out of the market and switch focus to newbuildings in increasing number, in complete contrast to the relative impasse in tanker ordering this time last year.

Dry Cargo – Bottomed Out?

Whilst the Ukrainian-Russian war has had a profoundly positive effect on the tanker market, the same can't be said for the Dry sector. In February 2022 the BDI was at 2,189 points, which was a hefty figure compared to today's 816 points and moreover from last week's measly figure of 530! This time last year there was talk of the conflict impacting tonne miles in the dry sector, especially grains with a lack of cargoes coming from the besieged Ukrainian ports, but this hasn't really had any profound effect. There have been additional disruptions in the coal market with European buyers moving away from

Russian imports to South African and Indonesian alternatives but again we have had no market tightening or dramatic changes.

There seems to be more positive sentiment this week with a solid lift in freight rates and a multitude of buyers looking for opportunities in the second-hand market. Winning Shipping has emerged as the buyer of **"OCEAN CAESAR"** (180,176 dwt/built 2008 Imabari Saijo, Japan) a Japanese-controlled vessel, which received nine offers and ended up fetching US$20.20m. Ultramaxes remain popular, with Eagle Bulk picking up the Scrubber fitted **"ASTON"** (63,618 dwt/built 2020 COSCO Yangzhou, China) US$30m with dry-docking due in March, following their purchase two weeks ago of same age and spec sister ship **"SPRING FIELD"** (63,670 dwt/built 2020 COSCO Yangzhou, China) at US$30.75m. Supramax **"PAN BEGONIA"** (57,307 dwt/built 2009 Hengli HI, China) has finally found a buyer at US$12.5m. The seller, Pan Ocean, also disposed of sister vessel **"PAN CROCUS"** (57,269 dwt/built 2009 Hengli HI, China) at the end of October 2022 for a price of US$14.7m. The price difference between the sisters shows the continuing pressure on supramax prices in recent months, but will this week's surge in the BDI stop the rot? GMS appears to be the new owner behind the en bloc purchase of "**PACIFIC DREAM"** and **"PACIFIC VISION"** (56,500 dwt/built 2013 Jiangsu Hantong, China) at US$15m each with special surveys due in June and August this year. If you compare prices for similar units at the start of the conflict we note the year older **"JIN YUN"** (56,810 dwt, built 2012 Jinling, China) was sold at US$17.36m, showing that prices were some 20% higher.

Newbuilding – Product party restarted?

Tanker newbuilding activity continues to increase focused around LR2s, notably in China. With 2023 resale Korean LR2s now being sold at region US$77m there is a case to make to at least consider a top tier Chinese yard for 2025 delivery newbuildings at around US$16m less, which many owners are now doing. We understand there are a numerous owners sparring with the big three Korean yards for suezmaxes at around US$80m level and also for VLCC around US$100m. The latter level is possible in China but the main Korean yards still need around US$120m for a VLCC and US$83m for a suezmax. Delivery positions remain sparse in 2025, which provides further support to the trading market until 2026 as there is thus little scope for the vessel supply side (any new orders) to impact before then. The container market crash has not happened and we have not seen a flood of slots return to the market looking for a home as a tanker. We expect some opportunities here (and also with any delayed container orders freeing up capacity) but it is likely to be limited.

Bulker enquiry continues to increase with a number of owners looking at handysize - kamsarmax opportunities. The general view in the dry market is a bit "wait and see" but there is forward optimism, which of course is a lightening rod for newbuildings. We do not expect dramatic reductions in pricing at the yards any time soon either, so we expect a resumption in bulker ordering in the near future.

Recycling – L/Cing the Light

News that Bangladesh is slowly beginning to emerge from the L/C problems that have been plaguing them for so long is a positive step not just for them, but for the market as a whole. Things are certainly not back to normal yet but things are improving and obtaining US$ is a little easier for the breakers in Chattogram and it is proving easier to buy the smaller types of LWT tonnage now and prices are improving and activity picking up. However, Pakistan is facing some problems of their own and ironically L/Cs is a major issue for them. For the time being at least we do not expect to see many vessels heading to Gadani. India remains positive and their market is thankfully stable and local breakers are keen to acquire inventory for their yards. Generally speaking sales are somewhat sporadic and setting price levels can still be a little tricky as rates can vary depending on who you speak to, but we are seeing more sales being reported and market sentiments are certainly positive going forwards and there is good competition amongst the cash buyers for those units that are being negotiated. Ship scrap prices are firming and we expect things to stay this way in the short term.

Gibson Sale & Purchase Market Report

S&P SALES

Vessel Name	DWT	Built	Yard	Buyers	Price ($/m)	Notes
BULKERS						
OCEAN CAESAR	180,176	2008	Imabari Saijo (JPN)	Winning Shipping	20.2	DD due 6/24.
DONA TARA	81,323	2011	Hyundai Samho (KRS)	Undisclosed	20.5	DD due 12/24. BWTS + duct fitted.
ASTON	63,618	2020	COSCO Yangzhou (CHN)	Eagle Bulk	reg 30	DD due 3/23. BWTS+Scrubber fitted.
SOLDOY	56,830	2011	Yangfan (CHN)	Undisclosed	14.95	DD due 8/24. BWTS fitted.
PACIFIC DREAM + PACIFIC VISION	56,500	both 2013	Jiangsu Hantong (CHN)	GMS	15 each	SS due 6+8/23. No BWTS.
MAITHILI	55,707	2005	Oshima Zosen (JPN)	Undisclosed	xs 11.5	DD due 7/23. Dely 3/23 basis BWTS installed.
PARO	55,691	2009	Mitsui (JPN)	Undisclosed	mid-high 15	SS due 9/24. BWTS fitted.
ELLIE M	52,510	2001	Kanasashi (JPN)	Undisclosed	7.5	DD due 3/25. BWTS fitted.
KAI XUAN 11	50,236	2000	Mitsui (JPN)	Undisclosed	7.2	DD due 5/24. BWTS fitted.
TAI BO	35,112	2011	Zhejiang Yueqing Changhong (CHN)	Undisclosed	10.5	SS psd 6/22. BWTS fitted.
PRINCE RUPERT	18,917	2009	Yamanishi (JPN)	Undisclosed	9.1	SS due 4/24. Logs fitted.
TANKERS						
CAP CHARLES	158,881	2006	Samsung (KRS)	Gardsea	41.5	Ice 1C. SS psd 9/21. BWTS fitted. Already delivered.
YELLOW TRADER	158,609	2004	Daewoo (KRS)	Undisclosed	35	SS due 9/24. BWTS fitted.
RIDGEBURY JUDITH	149,865	2008	Universal Tsu (JPN)	Undisclosed	40	SS due 4/23. Scrubber fitted.
DELAWARE STAR + GALVESTON STAR	115,000	both 2023	DH Shipbuilding (KRS)	GNMTC	77.5 each	Tier III. LNG duel fuel ready.
PELAGOS ONE	111,776	2005	Hyundai Samho (KRS)	UAE buyer	36.5	Ice 1A. DD due 7/23. No BWTS.
OAKA	106,395	2003	Tsuneishi (JPN)	Chinese buyer	xs 24	DD due 8/24. BWTS due 4/23.
IBIS PACIFIC	51,277	2007	STX Jinhae (KRS)	Undisclosed	22	Deepwell. SS psd 11/22. BWTS fitted.
SPRUCE EXPRESS	51,224	2006	STX Jinhae (KRS)	Greek buyer	18	Deepwell. DD due 1/24. BWTS fitted.
RIDGEBURY KATHERINE Z	50,215	2009	SPP Sacheon (KRS)	TMS	24.8	Deepwell. SS due 9/24.

JOHNNY TRADER	46,195	2004	STX Jinhae (KRS)	Undisclosed	18	Deepwell. SS due 3/24.
STYLE	37,923	2008	Hyundai Mipo (KRS)	Undisclosed	low 16	Ice 1A. Deepwell. SS+BWTS due 3/23.
GIANNUTRI + BALTIC SUN II	37,300	2004+2005	Hyundai Mipo (KRS)	European buyer	27.3 en bloc	Ice 1B. Deepwell. Trading dirty. SS due 6/24 + 1/25.
BELUGA PACIFIC	17,988	2018	PaxOcean Zhoushan (CHN)	Union Maritime	19.5	Oil/Prods. SS due 1/23. Already renamed.
CONTAINERS / RO-RO / RE						
SKY PRIDE	13,006	2005	Dae Sun (KRS)	Undisclosed	8.5	962 TEU. Gearless. DD due 7/23. BWTS fitted.
GAS (LNG / LPG / LAG / CO2)						
GOLAR SEAL	82,048	2013	Samsung (KRS)	Höegh LNG	184.3	160k cbm. DFDE. SS due 10/23. BWTS fitted. Dely 3-4/23.

NEWBUILDING ORDERS

Ordering Client	Vessel Type	Size / No. of units	Shipyard (Country)	Delivery	Price ($m)	Notes
BULKERS						
Sea Pioneer	Kamsarmax	82,000 dwt x 3	Oshima (JPN)	2025	38*	*High down payment.
Safe Bulkers	Kamsarmax	81,800 dwt x 1	Oshima (JPN)	2025		EEDI 3.
TANKERS						
Vitol	LR2	115,000 dwt x 2	SWS (CHN)	2025	63.5	Scrubber.
Kyklades	LR2	115,000 dwt x 2	Cosco Yangzhou (CHN)	2025	61.5	LOI. Scrubber.
GENERAL CARGO / TWEEN / MULTI-PURPOSE						
Vertom UCS Holding	General Cargo	7,000 dwt x 2	TB Kampen (NETH)	2025		Dielsel electric hybrid.
GAS (LNG / LPG / LAG / CO2)						
Latsco	LPG	87,000 cbm x 2	Hyundai HI (KRS)	2026	97.5	

Recycling Prices (US$/LWT)

	Bangladesh	Pakistan	India	Turkey
Tank/Cont/Ro-Ro/Capes/LPG/PCC	590/610	575/600	540/550	315/330
Dry Cargo/Bulk/Tween/Gen Cargo	580/590	565/575	530/540	300/315

Newbuild and Second Hand Benchmark Values
($ million)

Historical Average Values
($ million)

Vessel Type	New Building	5 Year Old Vessel (Built 2017)	10 Year Old Vessel (Built 2012)	10 Year Old Vessel~ (10 Years Average)	% Difference Present Vs Historical
Tankers					
VLCC	121	100	76	46.7	62.9%
Suezmax	81	68	54	33.1	62.9%
Aframax	64	62.5	50.5	25.3	99.7%
MR	44.5	42	33	18.4	79.2%
Bulkers					
Capesize	60.5^	44 (eco)	29	24.0	20.8%
Kamsarmax	33.5^	30	22.5	16.4	37.1%
Ultramax / Supramax	31.5^	28.5	18.5	14.1	30.8%
Handysize	29^	24	16	11.5	39.0%
^ = Chinese price (otherwise based upon Japanese / Korean country of build)				*~ = Basis standard contemporaneous DWT/spec for each type.*	

CJC Market News

Campbell Johnston Clark (CJC) is a medium-sized international law firm advising on all aspects of the shipping sector, from ship finance to dry shipping and comprehensive casualty handling, and all that happens in between. Today, we have offices in London, Newcastle, Singapore and Miami.

Name, Shame and Prosecute

There have been renewed calls to name, shame and prosecute companies evading European Union sanctions against Russia. The Dutch foreign minister Wopke Hoekstra has recently joined an ever-growing number of voices urging the European Union to up their game and proposing the creation of a Brussels-based sanctions-busting unit to crack down on evaders.

Speaking during the 10th round of EU discussions on sanctions against Russia, Hoekstra said that whilst current sanctions are hitting Russian interests hard, "at the same time sanctions are being evaded on a massive scale,".

To-date, the sanctions imposed have included bans on Russian oil imports and an oil cap, which has caused disagreement within the block. Members with significant maritime interests, including Greece and Malta, are keen to ensure that their maritime industries are not hit unduly hard by the proposed regimes.

"The EU should bring down the full force of its collective economic strength and criminal justice systems on those who assist in sanctions evasion by naming, shaming, sanctioning and prosecuting them," Hoekstra said.

From MCV to CLV

P&O Maritime Logistics, a DP World company based in Dubai, has announced that it plans to convert one of its multi-carrying vessels into a cable laying vessel equipped with a battery system and a propulsion layout that runs on green methanol fuel. The vessel is expected to begin operations in Q3 2024 and will primarily be used to connect offshore wind farms with the mainland. It will have a crew of 64 and be designed with an ultra-shallow draft, engineering grounding capability, and a 4,000-tonne cable load capacity.

C-Job Naval Architect worked closely with P&O Maritime Logistics to design a vessel that is optimized for performance and features a DP-2 positioning system and low fuel consumption propulsion layout that is ready for green methanol fuel and zero-emission operations. The CEO of P&O Maritime Logistics, Martin Helweg, believes that the conversion of the vessel represents a significant step forward for the company, expanding its services and products into a more specialized offering while also contributing to the decarbonization of the industry.

One and Sony Announce Smart Container Solution

Ocean Network Express ("ONE") has announced plans to develop and integrate a smart container solution across their global fleet. The development of the smart container solution will be done in collaboration with Sony Network Communications Europe ("Sony").

The technology-enabled containers will give ONE greater insight into their container fleet. The data will enable better visibility of the containers, faster and proactive decision making and more, allowing more efficient container movement. ONE said its customers will gain access to live updates throughout a shipment's journey. Smart-container technology will also provide more reliable shipping data for stakeholders.

Hiroki Tsujii, Managing Director, Product and Network at ONE said: "From its very inception, ONE is a business that believes in the value of collaboration. Now, together with Sony, we are excited to create the future of container shipping. This is a future where we have access to the insights we need to offer our customers a higher quality of service to forge a new standard of process excellence."
Sony has commented that the smart containers will allow ONE to further optimise their shipping business.

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