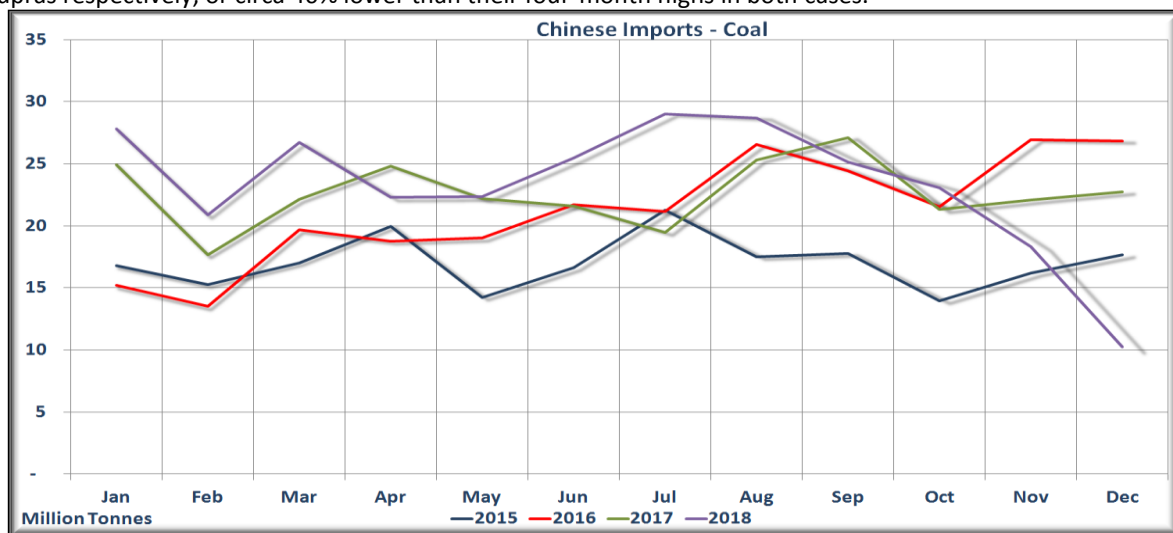


Baltic Dry Index migration is the regular seasonal movement, typically north and south along a flyway, between fourth quarter northlands and first quarter southlands. Although there were years with pretty warm market conditions with freight rates stayed on latitudes above the tropic of cancer, the cold winter conditions during the two thirds of the last thirty-three years steered the BDI towards the equator. The first trading days of the current year reconfirms that the “January effect” – the seasonal increase in stock prices during the first month of the year – should have a diametrically opposite meaning in the dry bulk spectrum. However, it is not January that should be blamed for the current low levels of the freight market, as this tendency had started a few months earlier.

Chinese customs preliminary data this week showed that although 2018 made a promising start, the latest months of the year did not manage to fulfill the expectations. In particular, Beijing’s November and December coal and soybean imports lingered substantially below those of 2017, pressuring the freight market lower. As it tends to be the case, Beijing decided to be well stocked ahead of the last quarter of the year, in order to better place itself in the geopolitical arena. Thus, Chinese customs cleared some 250mt of coal during the first ten months of the year, or just 20mt less than the whole 2017. The Chinese government objective of suppressing coal and lignite imports in November and December 2018 was detrimental for the employment of the midsize tonnage. Being adversely influenced by this development, the demand for Panamax and Supras haven’t managed yet to create the necessary conditions for the market to move higher. In this context, the “workhorses” of the dry bulk sector balanced for the week at \$8,190 and \$7,880 daily for the Panamaxes and Supras respectively, or circa 40% lower than their four-month highs in both cases.



Additionally, Chinese manufacturing had an even worse December than expected. The official Purchasing Managers' index (PMI) fell to 49.4 in December from 50 in November. A reading above 50 indicates expansion, while a reading below that level signals contraction. In December, new orders and new export orders showed contraction, alarming investors around the globe.



In this framework and with BDI insisting on its downward trend, shipping community eyes are on the next week Chinese Q4 growth data release. Although data may not always reveal the whole truth, they seldom lie.

Freight market 120yrs ago (page 12): “In the spot arena, the homeward markets have not been very cheerful this last week, but owners must not forget that rates in January and February are frequently poor...”

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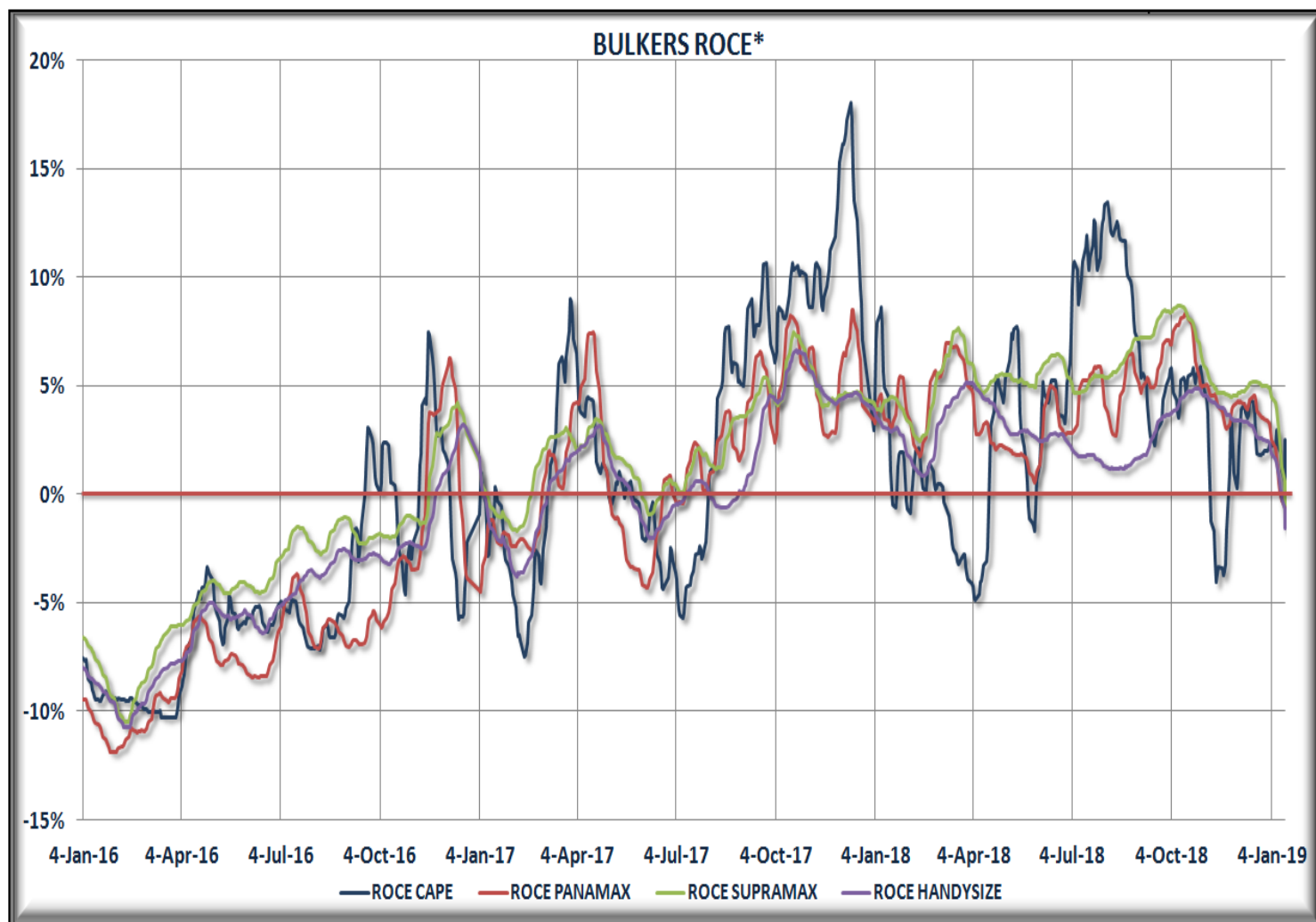
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Dry Cargo Spot Market

Setting aside the Capesize segment, all other sub-markets reported losses during the third week of the year. Thus, the Baltic Dry Index trended downwards, ending at 1112 points. With a strong Friday's performance, the Baltic Capesize Index surpassed the previously reported levels, ending at 2037 points. Having lost 119 points since last Friday, the BPI balanced this week at 1018 points, substantially lower W-o-W. The geared segments followed closely Panamax on their downward trend. In particular, the Baltic Supramax index hovered at 701 points, 16.7% lower than the previous Friday closing. With a 73-point decrease, the Baltic Handy Index lay at 451 points.

At the box office, Capesize returns managed to stay positive, whilst those of all other segment plummeted to the negative territory of our ROCE graph. Particularly, Capesize ROCE balanced at 2.5% and Panamax ROCE at -1.34%, or up 44 and down 150 bps on a weekly basis respectively. Supramax ROCE moved substantially down to -0.51% at the same time as Handy ROCE was plunging to -1.61%.



Baltic Freight Indices					
Date	BDI	BCI 5TC	BPI - TCA	BSI - TCA	BHSI - TCA
14-Jan-19	1147	\$15,008	\$8,988	\$9,251	\$7,385
15-Jan-19	1096	\$14,069	\$8,881	\$8,908	\$7,219
16-Jan-19	1055	\$13,465	\$8,680	\$8,549	\$6,990
17-Jan-19	1077	\$14,440	\$8,410	\$8,226	\$6,757
18-Jan-19	1112	\$15,746	\$8,190	\$7,880	\$6,535
12-month High	1774	\$27,283	\$14,385	\$13,431	\$9,772
12-month Low	948	\$7,051	\$8,190	\$7,880	\$6,535
12-month Avg	1343	\$16,318	\$11,568	\$11,354	\$8,651
Avg. Cal 2018	1353	\$16,529	\$11,609	\$11,487	\$8,700
Avg. Cal 2017	1145	\$15,129	\$9,766	\$9,168	\$7,636

***Return on Capital Employed (ROCE)** is the ratio of net operating profit of an investment to its capital employed. It measures the profitability of an investment by expressing its operating profit as a percentage of its capital employed. In other words, ROCE assesses how much profit an investment earns on every dollar employed.

Beijing imported 1.064 billion tons of iron ore in 2018, less 1 pct from the previous record year, according to data from the General Administration of Customs. The iron ore imports though, still exceeded 1 billion tons for a third year in a row. Setting aside the iron ore macro news, the spot market traded upwards, with the Baltic **Capesize** 5TC index concluding at \$ 15,746 daily, or up 3.7% W-o-W.

In the Pacific, Rio Tinto's iron ore shipments from Australia's Pilbara region totaled at 338.2 million tons in 2018, reporting an increase of 2 percent on an annual basis. Most importantly for the spot market, the Anglo-Australian miner set a higher target for the current year, as the company stated. In the hump day, BHP Billiton allegedly took a ship for 28 January onwards at a rate of \$5.85pmt, but as the week progressed, the C5 index, increased to \$6.955 pmt, or 9.5% W-o-W. The 'Aquacarrier' (176,104 dwt, 2010) was reported fixed with delivery Yeosu prompt for a trip via Australia to Singapore-Japan range at \$11,000 with Five Ocean, and at the same rate Oldendorff took 'Densa Shark' (179,227 dwt, 2012) with prompt delivery in Nantong for a trip via Whyalla to Singapore-Japan. On another positive note, the transpacific index (C10_14) improved \$1,646 on a weekly basis concluding at \$14,000.

In the Atlantic, the Brazilian miner Vale SA won approval from Brazil's antitrust regulator to buy three wind farms in the northeast of the country. This strategic movement was in line with the company's objective of meeting its demand for energy through generation from renewable sources such as wind. In reference to the spot market, at this week's closing, the Baltic C3 index reached \$17.886 pmt. Trafigura linked to the Cosbulk relet 'CHS Splendor' (170,000 dwt, 2006) for a Tubarao to Qingdao run for 12-13 February dates at \$18 pmt. Additionally, the same Charterer took the 'Ocean Leo' (177,638 dwt, 2003) for a trip via Brazil to the East at \$15,500 daily, basis delivery Singapore. The fronthaul index (C9_14) did not manage to stay above 30k levels – losing 2% W.o.W – while the transatlantic (C8_14) route gained \$1,150 since the start of the week reaching \$ 16,500.

On the period front, NYK was linked with 'Cape Asia' for a period of 4 to 6 Months basis delivery Huanghua 14th January, but otherwise period activity remained limited.

Representative Capesize Fixtures								
Vessel	DWT	Built	Delivery	Date	Re-del	Rate	Charterers	Comment
Anangel Hope	179,445	2015	Jintang	07-Dec	Singapore-Japan	approx \$24,500	cnr	via Australia <fixed last week>
Stella Nora	180,000	2016	Luoqing	11/12 Dec	Singapore-Japan	\$20,250	Cargill	via Australia
SM Vision	176,838	2008	Huanghua	15/17 Dec	WW	approx \$16,100	NYK	3/5 months
Navios Joy	181,389	2013	China	26 Dec/03 Jan	WW	approx \$18,000	SwissMarine	1 year

A decline across all **Panamax** routes with the BPI T/C average losing approximately 26.5% since the start of 2019 and about 10.5% w-o-w.

The Pacific continued to materialize losses for another week. In the south owners' hopes were dashed, with the lack of mineral activity. Indonesian coal trips to India were unapologetically bidding \$5,000 plus \$50,000 GBB by this week's close. Out of Australia, only the odd alumina or grain cargo was available to fix. Speaking of which the super eco 'BTG Olympos' (80,800 dwt, 2015) managed to get \$10,000 with delivery S. China for West Australian grains to China which is quite an achievement in this market... The intrepid 'Intuition' (80,281 dwt, 2011), will have to pass the scrupulous "alumina clean" inspections in Bunbury having agreed \$9,350 with delivery Singapore to UAE. Up in the North, No Pac grains were definitely present but without a doubt insufficient to hold rates to a decent level. The 'Apollo' (77,326 dwt, 2006) open CJK was concluded a No Pac round at \$8,750 daily and unsurprisingly charterers bid today at about USD 8,000 with delivery S.Korea.

In the Atlantic, rates out of the ever silent this year US Gulf remained stable. The 'Konkar Venure' (82,099 dwt, 2015) was reported at \$14,750 daily plus \$475,000 bb with APS delivery for end January dates for a trip to China. Despite some early week optimism, South America decided to take a dive as enquiry was inadequate for the India-Far Eastern ballasters. On fronthaul, the well described 'Axios' (82,000 dwt, 2017) was fixed for early February loading below last done, at \$14,000 daily plus \$400,000 bb. Naturally transatlantic trading was no exception with rates dropping to considerably lower levels. It emerged that 'Tinos' (81,391 dwt, 2011) achieved a T/A round voyage at \$11,100 daily plus \$120,000 gbb with 25/30 January delivery Barcarena. Not many fixtures reported out of Baltic and in Black sea some effort of Panamax Ultramax arbitrating took place but the feeling was that the bid was eroding.

On the period front, there was mostly silence from both sides of the fence. It was surfaced that 'Navios Centaurus' (81,472 dwt, 2012) was fixed for 10 to 13 months linked at 111% of BPI 4 time charter average with 10/13 January delivery at Xiuyu.

Representative Panamax Fixtures								
Vessel	DWT	Built	Delivery	Date	Re-del	Rate	Charterers	Comment
Konkar Venture	82,099	2015	SW Pass	25/30 Jan	China	\$14,750+\$475k gbb	Cargill	
Axios	82,000	2017	Santos	03/06 Feb	Singapore-Japan	\$14,000+\$400k gbb	cnr	
BTG Olympos	80,800	2015	Beihai	21 Jan	China	\$10,000	Norden	via Waus/grains
Intuition	80,281	2011	Singapore	19 Jan	Arabian Gulf	\$9,350	Klaveness	via Bunbury/alumina
Tinos	81,391	2011	Barcarena	25/30 Jan	Skaw-Barcelona	\$11,100+\$120k gbb	Bunge	
Apollo	77,326	2006	CJK	21/24 Jan	Singapore-Japan	\$8,750	Cargill	via Nopac
Navios Centaurus	81,472	2012	Xiuyu	10/13 Jan	worldwide	111% bpi 4tc ave	Fractal Marine	10/13 mos

The title of the worst performer for this week belongs to the Baltic **Supramax** TC index, plummeting to \$7,880 daily this Friday.

To the great disappointment of market participants, indices in the Pacific continued moving southbound in a hastily manner and expectations, until the Chinese holidays arrive, remain anchored down. Indonesian coal routes were heavily impacted by the fact that nearly no fresh cargoes hit the market. The S8_58 route (S.China via Indonesia/EC India) experienced a sharp 15% decline w-o-w and settled at \$6,894. Late in the week, the "Rhl Monica" (53,452dwt, 2008) was concluded at as low as \$4,500 dop Hong Kong via Indonesia with coal to the Philippines. In the North Pacific front, "Federal Tiber" (55,337dwt, 2013) was rumored fixed in the high 8's basis delivery Busan for a Nopac round trip. Limited was the action in the Persian Gulf. "Shandong Hai Da" (56,724dwt, 2012) was fixed at \$10,500 with delivery Bin Qasim via Salalah to Chittagong. The South African coast did not deviate from the negative trend as rumors had a nice Mitsui 56k dwt rating usd 10,000 with 100,000 ballast bonus for delivery Durban and China direction with charterers limiting their rate to a flat \$10,000 without BB.

In the Atlantic, rates continued to collapse as prompt vessels had to compete hard to secure their next employment. Although on a superficial level it appears that the market is currently in contango, operators' current willingness to book forward cargoes close to spot levels leads to alarming projections for what lies beyond the horizon. In the USG, the market is yet to show any signs of positivity. The S4A_58 (USG to Skaw-Passero) shed another 36% of its value w-o-w, ending up at \$9,213 and losing \$750 on the last trading day of the week. On actual fixtures, the 'Nefeli' (63,466 dwt, 2016) took \$15,000 daily for a trip from USG to Peru with grains. In similar fashion, there was no relief for ECSA positions either. 'The Maria L' (50,337 dwt, 2003) was fixed at \$13,500 basis delivery Recalada and redelivery Mombasa. Across the pond, rumours surfaced about a couple of fixtures out of the Continent but little was disclosed on levels concluded. From the Black Sea, the 'Wikanda Naree' (53,857 dwt, 2013) fetched \$15,750 daily basis delivery Chernomorsk for a trip to SE Asia with steels.

No period fixtures were reported.

Representative Supramax Fixtures								
Vessel	DWT	Built	Delivery	Date	Re-del	Rate	Charterers	Comment
Shandong Hai Da	56,724	2012	Bin Qasim	20-21 Jan	Chittagong	\$10,500	Exsquare	Via Salalah
Federal Tiber	55,337	2013	Busan	19-22 Jan	Far East	HI \$8,000's	Cnr	Via Nopac
Rhl Monica	53,542	2008	Hong Kong	22-25 Jan	Cjk	\$4,500	CCX	Indonesian Coal
Nefeli	63,466	2016	USG	18 Jan	Peru	\$15,000	Centurion	Trip with grains
Maria L	50,337	2003	Recalada	23-25 Jan	Mombasa	\$13,500	WBC	
Wikanda Naree	53,857	2013	Chernomorsk	Prompt	SE Asia	\$15,750	Fayette	Trip with steels

"Market in the mist" in the Far East – "Slow Pains" in the Atlantic for the **Handysize**.

While asking a major operators view about the market in the East, his reply was that it was a rather strange week and that he is just waiting to see what will happen with the constantly descending rates. His words accurately portray the point of view of many operators. A fair amount of panic is instilled in the market and some owners seem to be in despair and ready to fix anything. There is no other explanation for the fixture of 'Ithaca Patience' (28,000 dwt, 2010) which was spot in south East Asia and fixed \$5,000 aps Singapore for a trip with grains via Australia to Far East. We are not certain if owners had a dry-dock schedule to follow or other reasons to seek reposition in China. Nevertheless, we strongly believe that this rate is not representative of the current market conditions. On another note, 'Maritec' (33,000 dwt, 2009) opening at HoChiMinh on the 21st of January, fixed bagged rice via Thailand to West coast Africa at \$6,500 aps Kohsichang for 65 days and at \$8,500 for the balance duration. Lastly, 'Atlantis Unity' (33,000 dwt, 2012) open at CJK on the 16th of January fixed fertilizers via South Korea to West Coast Central America at \$6,000 dop. It far from easy to foresee the developments in the market for next week. Obviously, improvement is ahead as charterers cannot hold their horses forever, especially when Chinese new lunar year celebrations are coming.

In the 90's we were listening to Iron Maiden's "No Prayer for the Dying" and we never thought that it could be a fitting soundtrack for the Atlantic handy market this past week. In ECSA, owners just grab any firm offer they are fed with. Rates have dissolved into \$6,000-8,000 almost regardless of destination, or cargo, or size. Interesting to see what will happen next week. USG, could not be any different, and actually has proven in the recent past that can be slower, even before ECSA started showing signs of slowdown. Nice 37,000dwt vessels are accepting rates like \$7-7,500 for quick local trips, and less for trips out of the Gulf. Continent followed on the path of last week, and the drop in rates continued. We heard rumours of a 34,000dwt fixing grains from N. France to Morocco/Algeria \$7,000 and of a 32,000dwt fixing steels from Germany to Ravenna at \$7,650. No passing Otranto anymore on the table! One cannot expect Med/Bl. Sea to be any different than the rest of this world, so again, despair has settled in. Most cargoes are now fixing basis voyage terms, and at not exciting numbers one may add. A 28,000dwt fixed a corn cargo from Nikolayev to Morocco at what was told calculates around \$7,000.

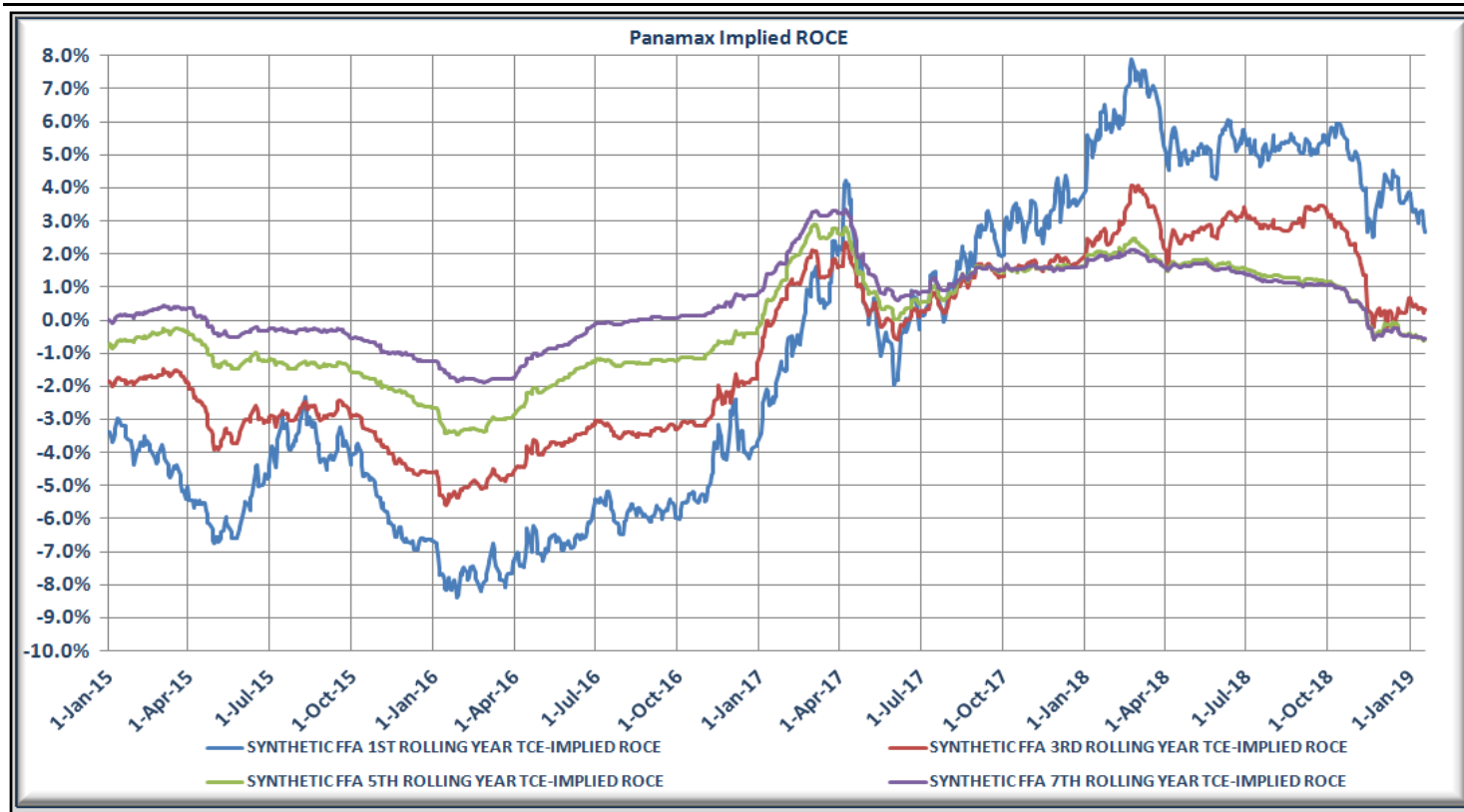
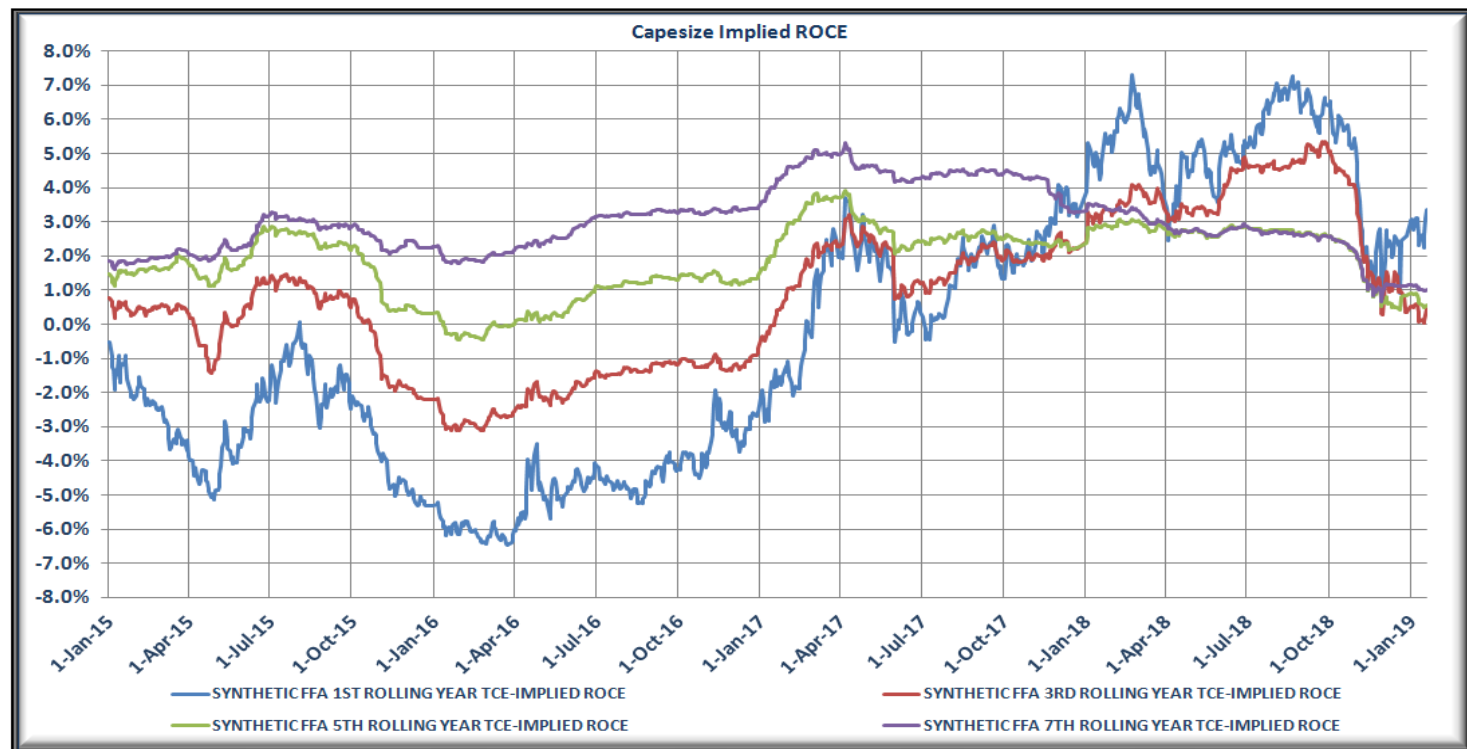
On the period desk, we saw 'Nordrubicon' (37,985dwt, 2014) fixed about 1 year period within Atlantic with delivery S. Brazil for prompt dates at \$12,000.

Representative Handysize Fixtures								
Vessel	DWT	Built	Delivery	Date	Re-del	Rate	Charterers	Comment
Ithaca Patience	28,000	2010	Singapore	Prompt	China	\$5,000	cnr	grains via Australia
Maritec	30,000	2009	Kohsichang	Prompt	West Africa	\$6,500 1st 65 days, \$8,500 balance	cnr	bagged rice
Atlantis Unity	33,000	2012	CJK	Prompt	WCCA	\$6,000	cnr	ferfs ex S.Korea
Albertito	28,498	2003	VDC	Prompt	USG/USEC	\$6500	TKB	
Rook	37,852	2010	Recalada	Prompt	Continent	\$7500	Weco	
Saint Dimitrios	33,788	2011	Bremen	Prompt	Carribs	\$8000	Oldendorff	
Gold Oak	37,732	2017	SW Pass	Prompt	ECMex	\$7500	Ultrabulk	
Transcenden Time	32,686	2010	Casa	Prompt	USG	\$4750	Cargill	

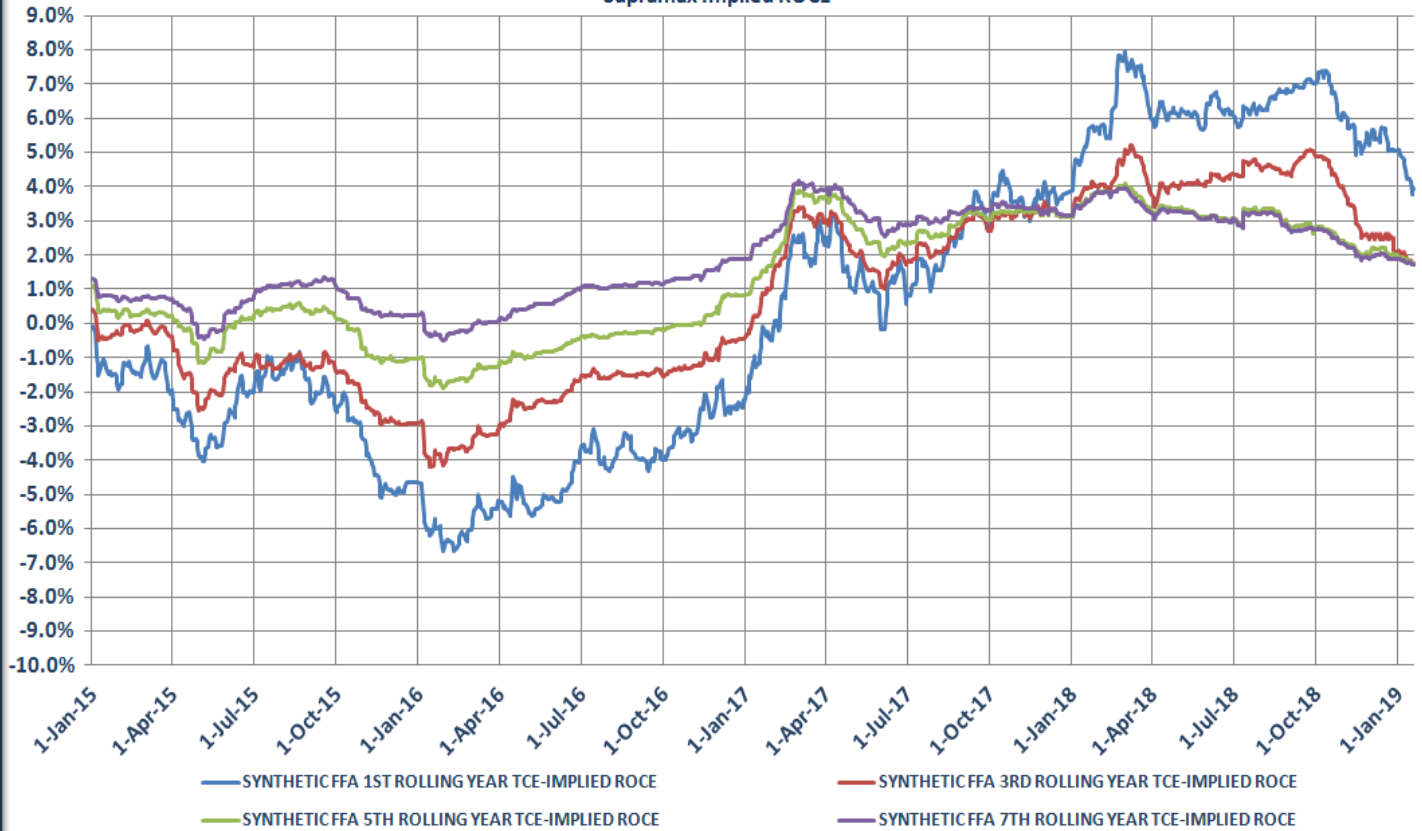
FFA Market

The forward market was a mirror image of the spot market this week, with the front end of the Capesize curve being the only one moving higher. Particularly, the prompt months of the Capesize forward curve reported gains, with February contracts balancing at \$13,846 and March at \$14,079. On the contrary, the Panamax curve went down to \$8,971 and \$10,279 for February and March respectively. Reporting losses as well, Supramax forward market stood below previous week closing, with February balancing at \$8,517 and March at \$9,667. In a volatile week, prompt Handy contracts drifted lower to February levels of \$8,025.

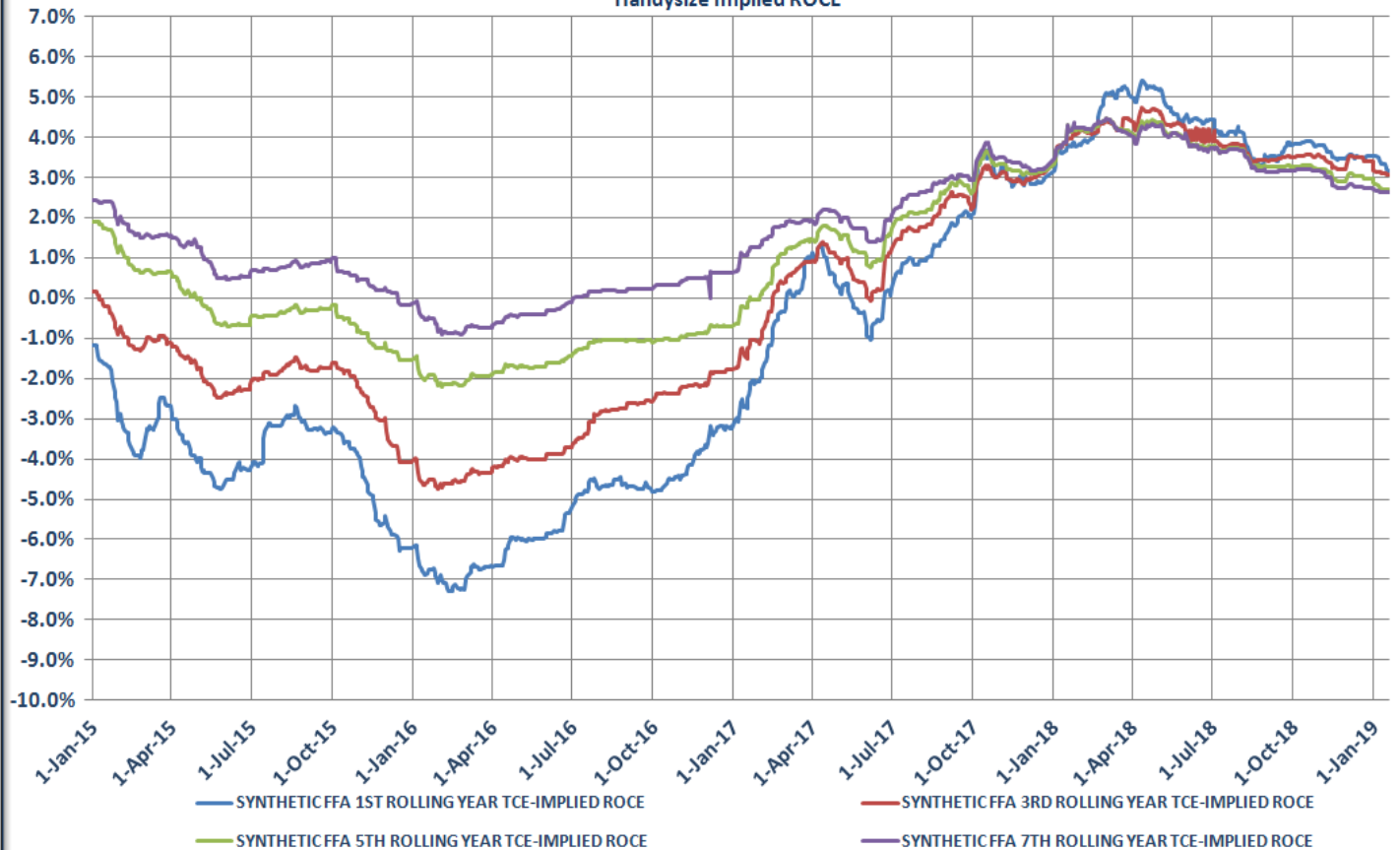
Capesize first rolling year implied ROCE increased to 3.4% this week at the same time as that of Panamax was balancing lower at 2.7%. Geared segments implied ROCEs trended downwards, with Supramax at 3.9% and Handy at 3.2%.



Supramax Implied ROCE



Handysize Implied ROCE



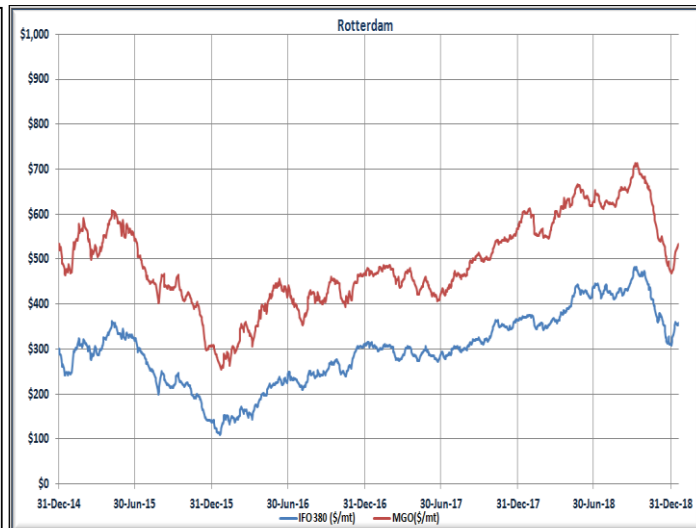
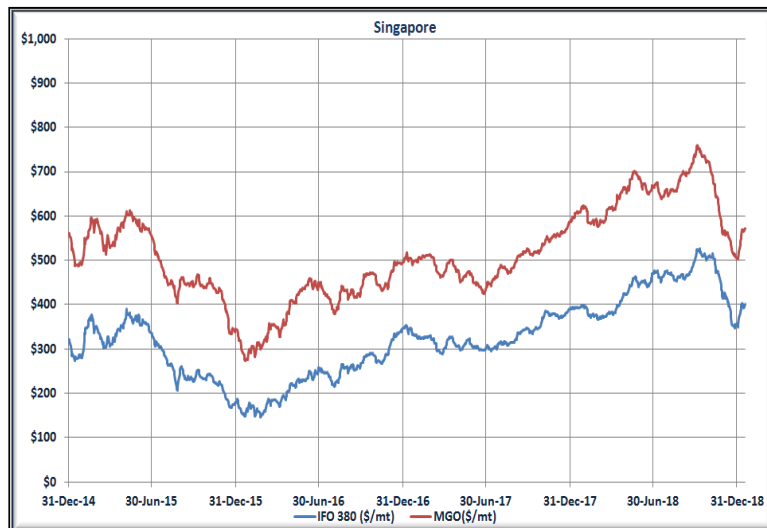
BFA Cape 5TC									
Date	Jan (19)	Feb (19)	Mar (19)	Q2 (19)	Q3 (19)	Q4 (19)	Cal 20	Cal 24	Cal 25
14-Jan-19	\$15,208	\$12,613	\$12,846	\$13,533	\$16,521	\$19,779	\$15,258	\$14,008	\$14,042
15-Jan-19	\$14,050	\$11,917	\$12,508	\$13,183	\$16,275	\$19,525	\$14,900	\$13,908	\$13,958
16-Jan-19	\$14,683	\$12,650	\$12,742	\$13,558	\$16,617	\$19,667	\$14,896	\$13,933	\$13,983
17-Jan-19	\$14,642	\$12,600	\$12,625	\$13,625	\$16,729	\$19,704	\$14,879	\$13,933	\$13,975
18-Jan-19	\$13,879	\$11,663	\$12,196	\$13,196	\$16,238	\$19,408	\$14,629	\$13,875	\$13,925
Week High	\$15,208	\$12,650	\$12,846	\$13,625	\$16,729	\$19,779	\$15,258	\$14,008	\$14,042
Week Low	\$13,879	\$11,663	\$12,196	\$13,183	\$16,238	\$19,408	\$14,629	\$13,875	\$13,925
Week Avg	\$14,492	\$12,289	\$12,583	\$13,419	\$16,476	\$19,617	\$14,912	\$13,931	\$13,977

BFA Panamax 4TC									
Date	Jan (19)	Feb (19)	Mar (19)	Q2 (19)	Q3 (19)	Q4 (19)	Cal 20	Cal 24	Cal 25
14-Jan-19	\$9,883	\$10,379	\$11,417	\$11,329	\$10,883	\$11,483	\$10,263	\$8,738	\$8,729
15-Jan-19	\$9,575	\$10,033	\$11,225	\$11,179	\$10,796	\$11,354	\$10,133	\$8,708	\$8,707
16-Jan-19	\$9,621	\$10,233	\$11,333	\$11,363	\$11,000	\$11,500	\$10,213	\$8,717	\$8,717
17-Jan-19	\$9,542	\$10,100	\$11,333	\$11,425	\$11,183	\$11,600	\$10,242	\$8,717	\$8,717
18-Jan-19	\$9,571	\$10,125	\$11,429	\$11,475	\$11,125	\$11,533	\$10,233	\$8,704	\$8,704
Week High	\$15,208	\$12,650	\$12,846	\$13,625	\$16,729	\$19,779	\$15,258	\$14,008	\$14,042
Week Low	\$13,879	\$11,663	\$12,196	\$13,183	\$16,238	\$19,408	\$14,629	\$13,875	\$13,925
Week Avg	\$14,492	\$12,289	\$12,583	\$13,419	\$16,476	\$19,617	\$14,912	\$13,931	\$13,977

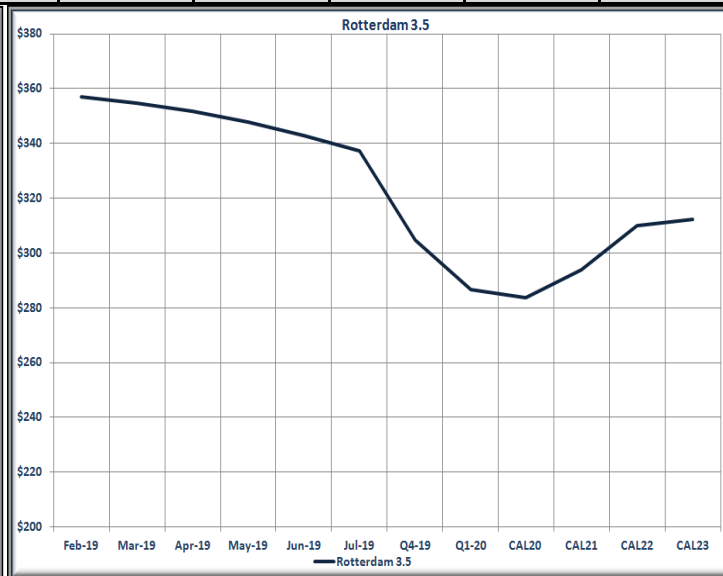
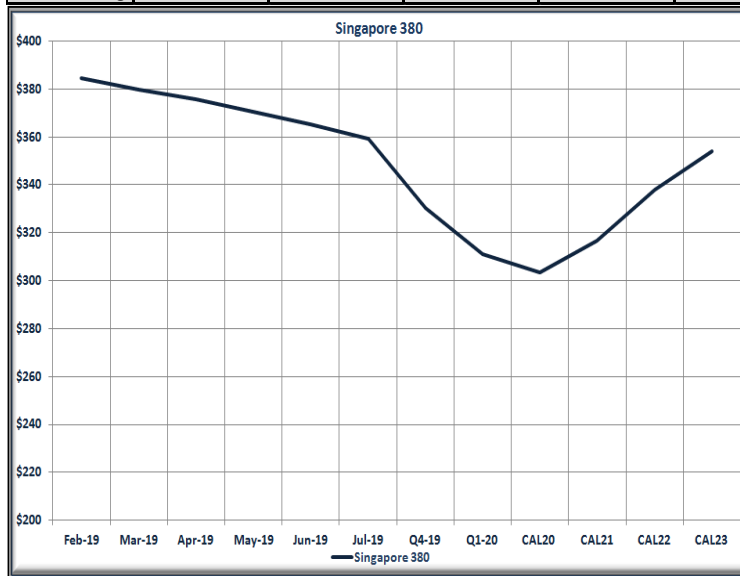
BFA Supra 10TC									
Date	Jan (19)	Feb (19)	Mar (19)	Q2 (19)	Q3 (19)	Q4 (19)	Cal 20	Cal 24	Cal 25
14-Jan-19	\$9,833	\$9,800	\$10,325	\$11,092	\$10,646	\$11,638	\$10,317	\$9,273	\$9,260
15-Jan-19	\$9,413	\$9,463	\$10,054	\$10,800	\$10,638	\$11,613	\$10,158	\$9,258	\$9,254
16-Jan-19	\$9,421	\$9,483	\$10,129	\$10,863	\$10,675	\$11,642	\$10,167	\$9,263	\$9,258
17-Jan-19	\$9,367	\$9,379	\$10,138	\$10,825	\$10,654	\$11,629	\$10,156	\$9,256	\$9,260
18-Jan-19	\$9,246	\$9,200	\$10,142	\$10,825	\$10,575	\$11,542	\$10,108	\$9,246	\$9,246
Week High	\$15,208	\$12,650	\$12,846	\$13,625	\$16,729	\$19,779	\$15,258	\$14,008	\$14,042
Week Low	\$13,879	\$11,663	\$12,196	\$13,183	\$16,238	\$19,408	\$14,629	\$13,875	\$13,925
Week Avg	\$14,492	\$12,289	\$12,583	\$13,419	\$16,476	\$19,617	\$14,912	\$13,931	\$13,977

BFA Handysize TC									
Date	Jan (19)	Feb (19)	Mar (19)	Q2 (19)	Q3 (19)	Q4 (19)	Cal 20	Cal 24	Cal 25
14-Jan-19	\$8,481	\$8,313	\$8,588	\$9,106	\$8,919	\$9,513	\$8,900	\$8,656	\$8,650
15-Jan-19	\$8,450	\$8,300	\$8,563	\$9,094	\$8,900	\$9,500	\$8,894	\$8,650	\$8,644
16-Jan-19	\$8,450	\$8,300	\$8,563	\$9,094	\$8,900	\$9,500	\$8,894	\$8,650	\$8,644
17-Jan-19	\$8,400	\$8,275	\$8,550	\$9,094	\$8,900	\$9,500	\$8,894	\$8,650	\$8,644
18-Jan-19	\$8,263	\$8,163	\$8,475	\$9,063	\$8,869	\$9,475	\$8,894	\$8,650	\$8,644
Week High	\$15,208	\$12,650	\$12,846	\$13,625	\$16,729	\$19,779	\$15,258	\$14,008	\$14,042
Week Low	\$13,879	\$11,663	\$12,196	\$13,183	\$16,238	\$19,408	\$14,629	\$13,875	\$13,925
Week Avg	\$14,492	\$12,289	\$12,583	\$13,419	\$16,476	\$19,617	\$14,912	\$13,931	\$13,977

Bunker Market



	Rotterdam		Singapore		Fujairah		Gibraltar		Houston	
Date (\$/mt)	IFO 380	MGO	IFO 380	MGO	IFO 380	MGO	IFO 380	MGO	IFO 380	MGO
14-Jan-19	\$356	\$524	\$399	\$567	\$380	\$722	\$394	\$598	\$370	\$592
15-Jan-19	\$356	\$528	\$393	\$566	\$375	\$728	\$393	\$597	\$371	\$596
16-Jan-19	\$353	\$526	\$396	\$568	\$377	\$731	\$390	\$597	\$372	\$597
17-Jan-19	\$354	\$531	\$398	\$569	\$380	\$730	\$385	\$594	\$372	\$593
18-Jan-19	\$357	\$534	\$401	\$571	\$382	\$733	\$389	\$597	\$375	\$596
12-month High	\$483	\$712	\$526	\$759	\$529	\$798	\$510	\$768	\$750	\$767
12-month Low	\$309	\$469	\$347	\$502	\$336	\$660	\$352	\$545	\$328	\$539
12-month Avg	\$401	\$610	\$435	\$641	\$433	\$719	\$430	\$668	\$405	\$654



Singapore	18-Jan-18	Week max	Week low	Week Avg	RTDM 3.5	18-Jan-18	Week max	Week low	Week Avg
Feb-19	\$384.4	\$384.4	\$366.4	\$371.5	Feb-19	\$357.2	\$357.2	\$341.0	\$345.7
Mar-19	\$379.9	\$379.9	\$363.4	\$368.0	Mar-19	\$354.7	\$354.7	\$339.0	\$343.5
Apr-19	\$375.7	\$375.7	\$360.0	\$364.3	Apr-19	\$351.7	\$351.7	\$336.3	\$340.9
May-19	\$370.7	\$370.7	\$355.5	\$359.8	May-19	\$347.7	\$347.7	\$332.5	\$337.2
Jun-19	\$365.2	\$365.2	\$350.5	\$354.7	Jun-19	\$342.9	\$342.9	\$328.3	\$332.9
Jul-19	\$359.4	\$359.4	\$345.0	\$349.1	Jul-19	\$337.4	\$337.4	\$323.0	\$327.7
Q2-19	\$370.5	\$370.5	\$355.4	\$359.6	Q2-19	\$347.4	\$347.4	\$332.4	\$337.0
Q3-19	\$352.8	\$352.8	\$339.1	\$343.0	Q3-19	\$330.9	\$330.9	\$316.9	\$321.3
Q4-19	\$330.3	\$330.3	\$317.8	\$321.7	Q4-19	\$304.9	\$304.9	\$293.1	\$296.9
Q1-20	\$311.0	\$311.0	\$297.8	\$302.9	Q1-20	\$286.7	\$286.7	\$275.6	\$279.7
CAL20	\$303.3	\$303.3	\$293.9	\$297.3	CAL20	\$283.8	\$283.8	\$274.4	\$278.0
CAL21	\$316.5	\$316.5	\$305.0	\$310.3	CAL21	\$294.0	\$294.0	\$282.4	\$286.7
CAL22	\$338.0	\$338.0	\$326.5	\$331.8	CAL22	\$310.0	\$310.0	\$298.4	\$302.7
CAL23	\$354.0	\$354.0	\$342.5	\$347.8	CAL23	\$312.3	\$312.3	\$300.6	\$305.0

Dry Bulk S&P Market

The last issue of China Newbuilding Price Index in 2018 Showed a minor 0.2% improvement to 824 points, but the performance of sub-indexes differ from each. The overall index of dry bulker CNDPI has a minor increase of 0.1%, with the major momentum coming from Capesize and Newcastlemax, while Kamsarmax, Ultramax and Handysize all drifted downwards. According to incomplete statistics by CNPI, total 601 newbuilding orders went to Chinese yards in 2018 within which there are 303 dry bulkers with 34.61 million dwt, 82 tankers with 3.9 million dwt and the others in various ship types. However, the supply side of the market managed to stay calm during the strong third quarter of 2018, and thus orderbook / fleet ratio of the sector have remained on its low side.

As far as the prices go, in our secondhand to age-adjusted newbuilding comparison, the market for ten-year-old Capesizes and same-aged Panamaxs lay at just 16% and 12% off their adjusted newbuilding prices respectively, with the former being less discounted than last week due to increased indicative secondhand prices. Five-year-old Handies are on the market at a 6% discount to their newbuilding price, as the modern secondhand Handy tonnage has seen their indicative price going higher.

Indicative Ten-Year-Old Prices				
Date	Capesize 180K DWT	Panamax 76K DWT	Supramax 56K DWT	Handysize 32K DWT
18-Jan-2019	26.00	15.00	14.00	11.50
18-Jan-2018	23.50	14.50	14.00	10.50
18-Jan-2017	16.00	9.50	9.75	7.00
Δ% Y-o-Y	10.6%	3.4%	0.0%	9.5%
Δ% 2019-2017	62.5%	57.9%	43.6%	64.3%

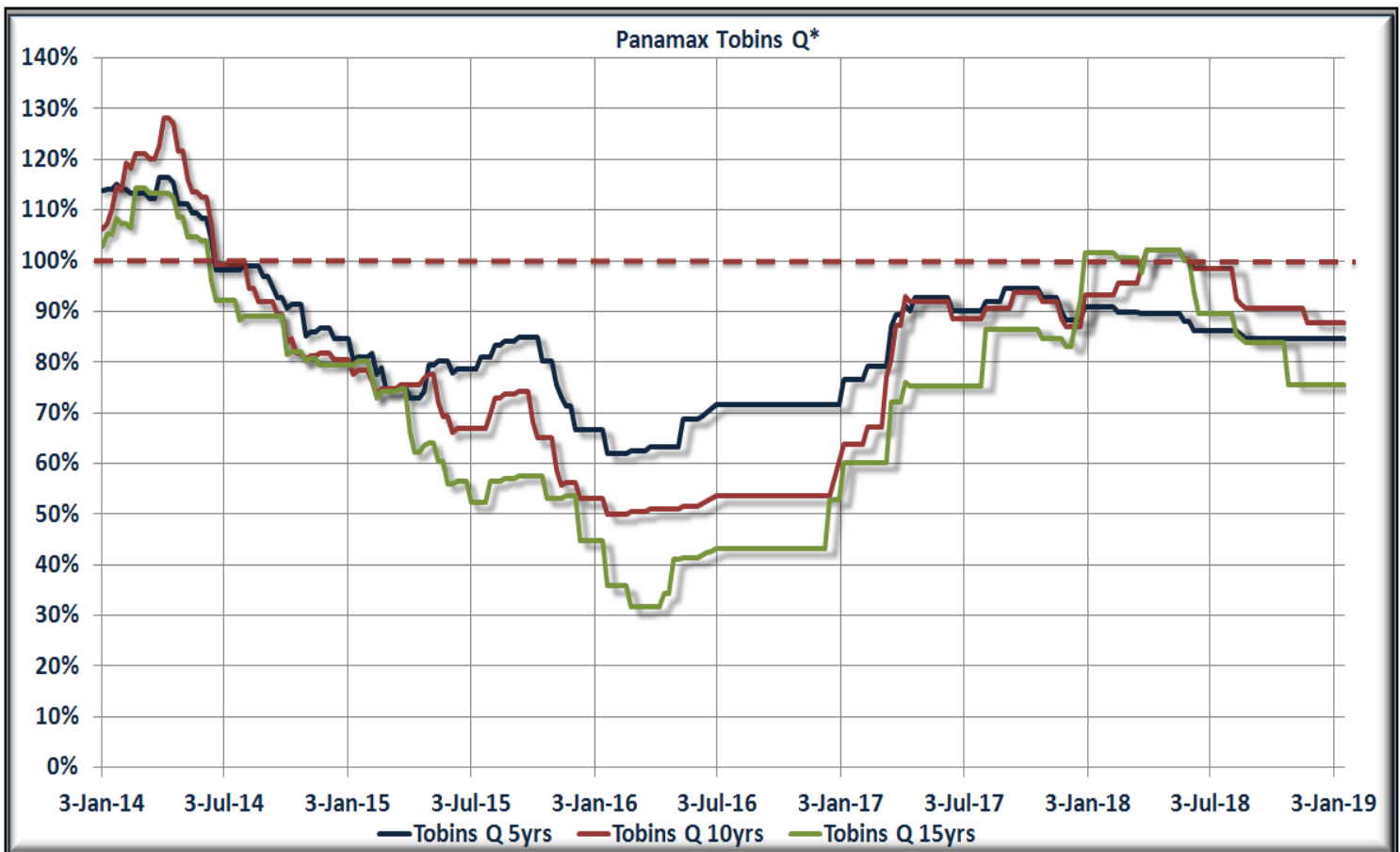
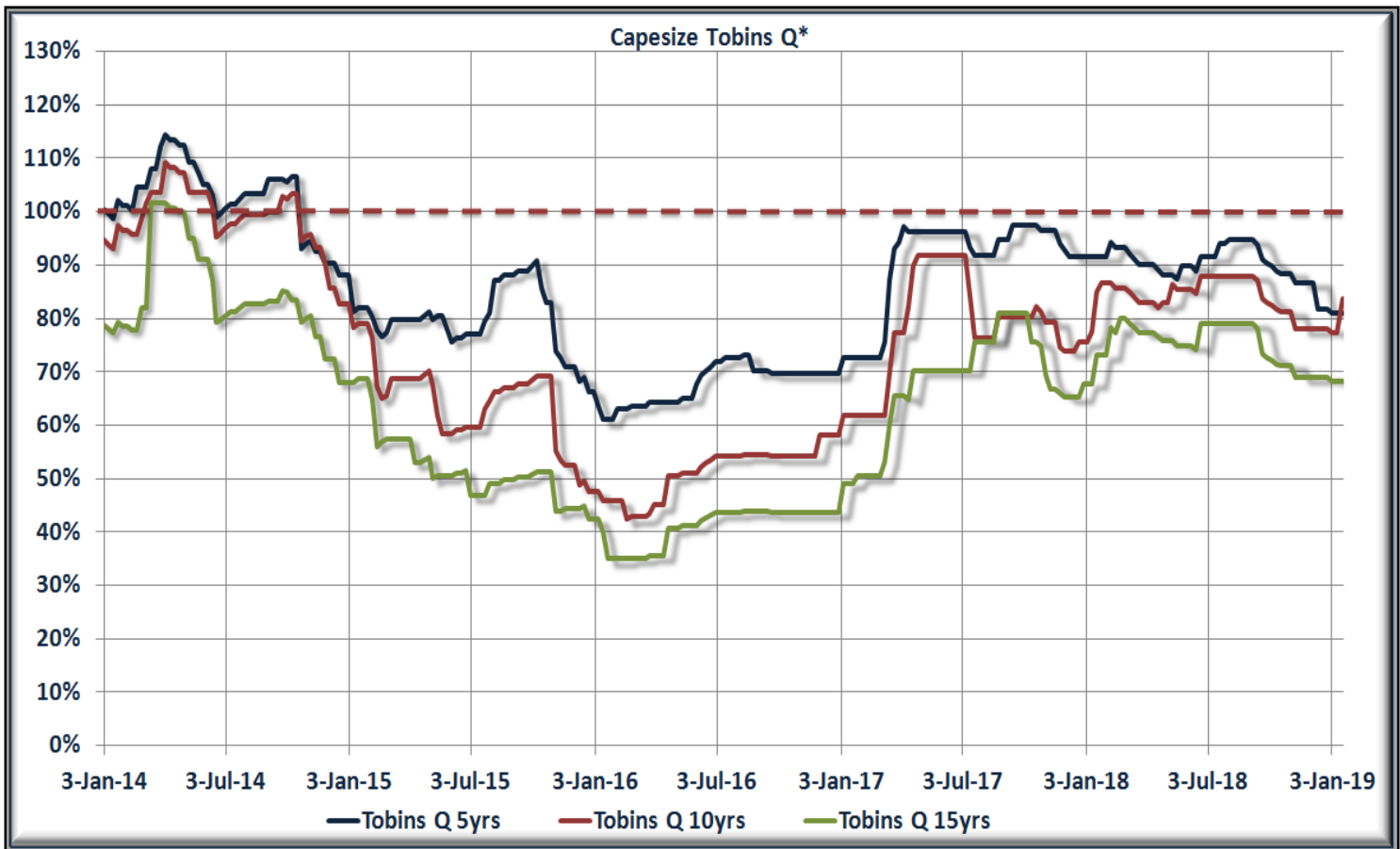
Indicative Fifteen-Year-Old Prices				
Date	Capesize 176K DWT	Panamax 75K DWT	Supramax 52K DWT	Handysize 28K DWT
18-Jan-2019	15.00	9.00	9.00	7.00
18-Jan-2018	14.00	11.00	10.00	6.00
18-Jan-2017	9.25	6.25	5.75	4.00
Δ% Y-o-Y	7.1%	-18.2%	-10.0%	16.7%
Δ% 2019-2017	62.2%	44.0%	56.5%	75.0%

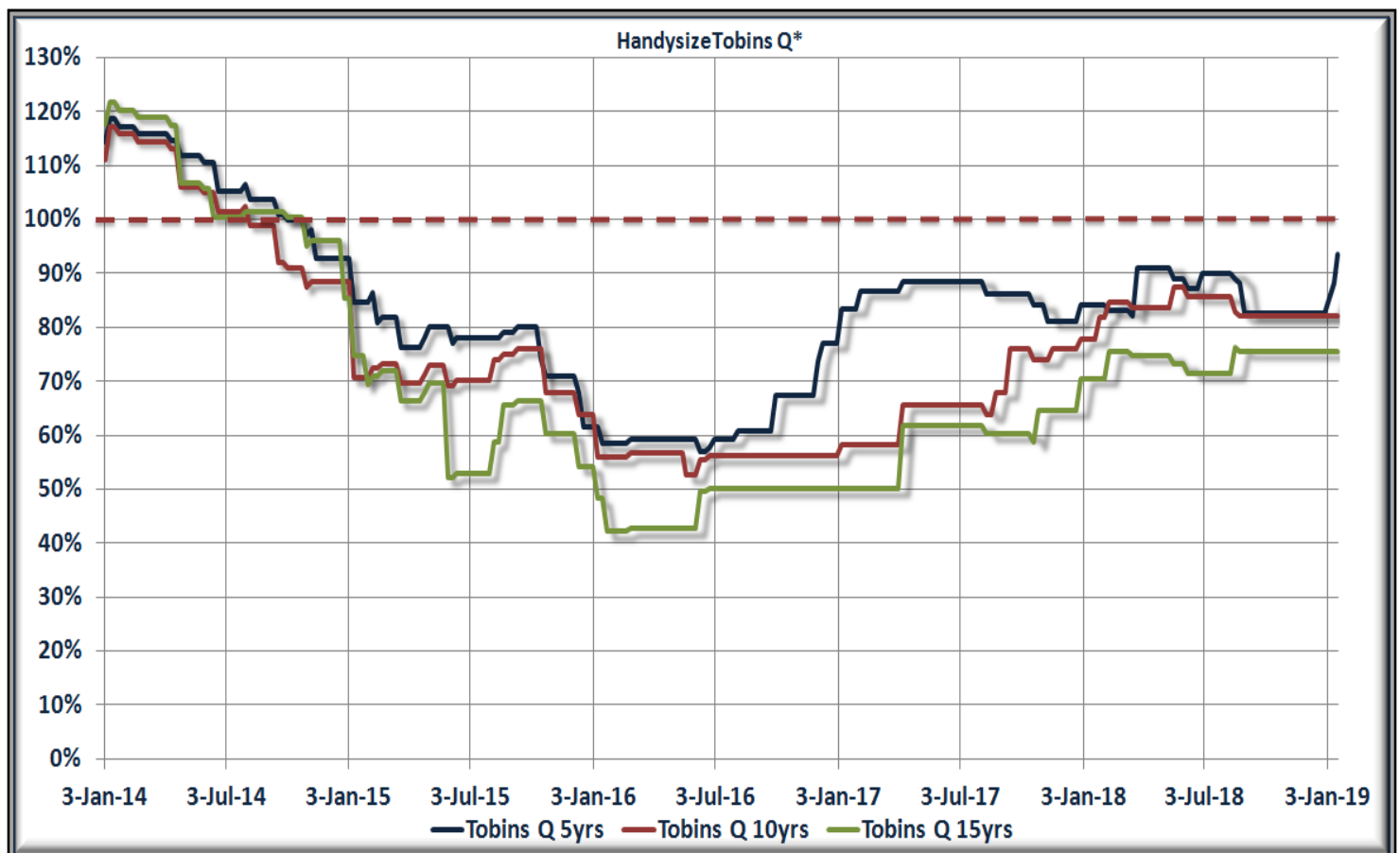
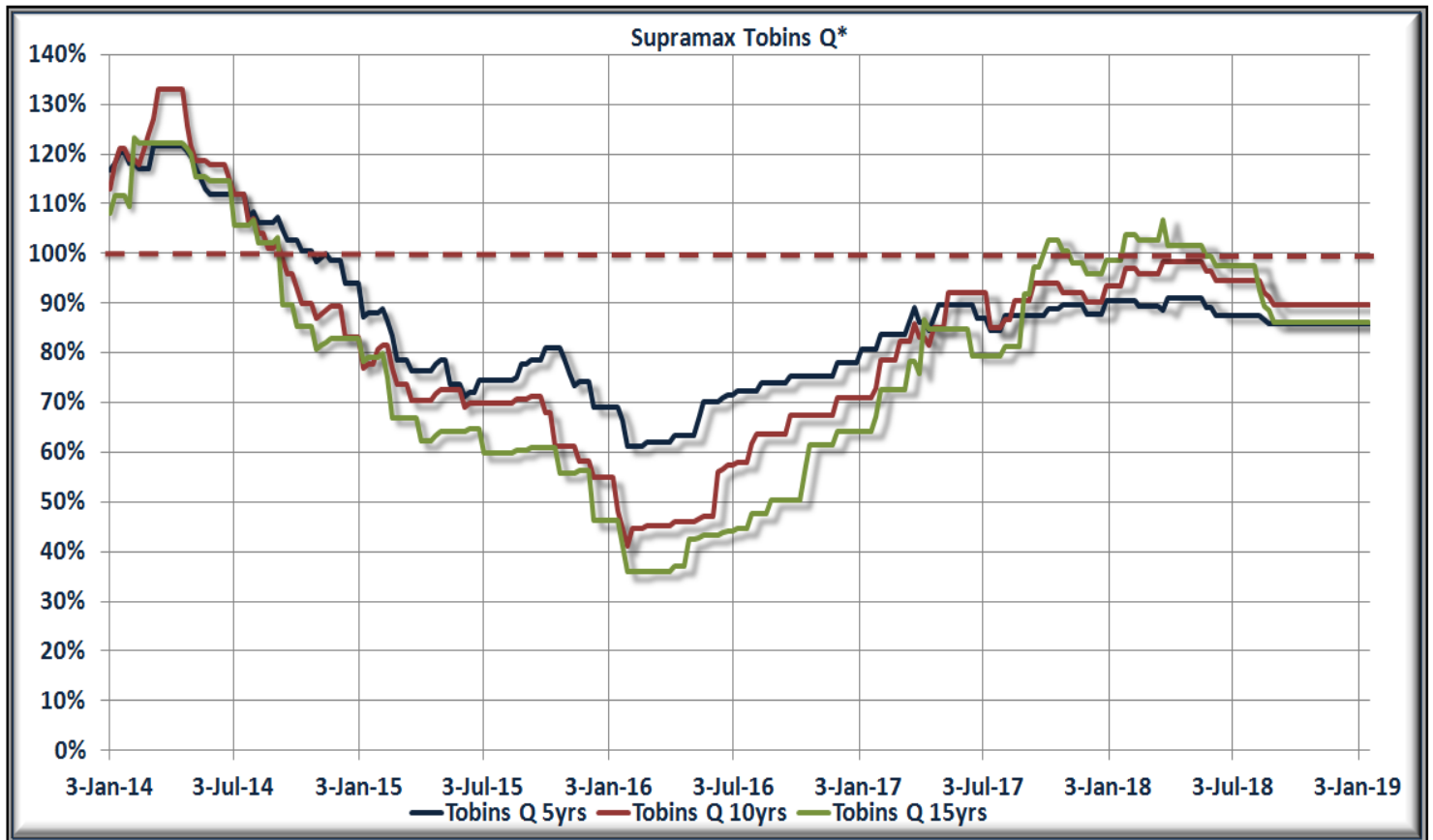
Reported Recent S&P Activity						
Vessel Name	DWT	Built	Yard/Country	Price \$Mil.	Buyer	Comments
Amorito	179,322	2012	Sungdong/Korea	33	Undisclosed	
Five Stars Beijing	181,417	2010	Sasebo/Japan	23	Greek buyers	Auction
Atlantic Sun	82,000	2019	Jiangsu/China	26.5	Undisclosed	
Crystal Star	82,172	2014	Sanoyas /Japan	24.5	Greek buyers	
Shun Yi	73,461	2001	Tsuneishi/Japan	9.5	Far Eastern	C 4 X30
Loch Nevis	61,237	2016	Shin Kurushima/Japan	low 24	Undisclosed	C 4 X31
Queen Cuki	63,707	2015	COSCO Zhoushan/China	20.5	Undisclosed	C 4x30
Ocean Colossus	58,831	2010	Kawasaki/Japan	15.4	Greek buyers	C 4x30
Paros Seas	56,780	2011	Jiangdong/China	low-mid 12.2	Chinese buyers	C 4x30
Topaz Halo	55,612	2011	Mitsui/Japan	15.4	Undisclosed	C 4x30
Luisia Colossus	55,455	2010	Kawasaki/Japan	14.8	Greek buyers	C 4 X 30,5
SSI Expedition	56,971	2010	Zhejiang Zhenghe/China	12.4	Chinese buyers	C 4x36
Tigris	52,454	2003	Tsuneishi/Japan	8	Undisclosed	C 4 X30
Zebra Wind	50,820	2009	Oshima/Japan	12.5	Undisclosed	C 4 X30
Sea Confidence	52,300	2005	Oshima/Japan	9	Chinese buyers	C 4x30
Uniorder	47,240	1997	Oshima/Japan	4.7	Undisclosed	C 4 X30
Nanning	38,940	2017	Huanghai/China	21	Chinese buyers	Tc Back C 4 X30
Grand Marais	35,093	2016	Jiangdong/China	low 16	Undisclosed	C 4x30
Bonnie Venture	32,500	2012	Zhejiang Hongxin	10	Undisclosed	C 4 X 30
Pacific Future	29,517	1998	Dalian/China	3.7	Chinese buyers	C 5 X30
Di Xiang	23,308	2009	Zhejiang Tianshi/China	5.3	Chinese buyers	Auction

Tobin's Q* Capesize-Panamax						
Date	Capesize 5yrs	Capesize 10yrs	Capesize 15yrs	Panamax 5yrs	Panamax 10yrs	Panamax 15yrs
Current ratio	81%	84%	68%	85%	88%	76%
12months High	95%	88%	80%	91%	102%	102%
12months Low	81%	77%	68%	85%	88%	76%
12months Avg	90%	84%	75%	87%	94%	89%

Tobin's Q* Supramax-Handysize						
Date	Supramax 5yrs	Supramax 10yrs	Supramax 15yrs	Handysize 5yrs	Handysize 10yrs	Handysize 15yrs
Current ratio	86%	89%	86%	94%	82%	76%
12months High	91%	98%	107%	94%	87%	76%
12months Low	86%	89%	86%	82%	82%	71%
12months Avg	88%	93%	94%	86%	84%	74%

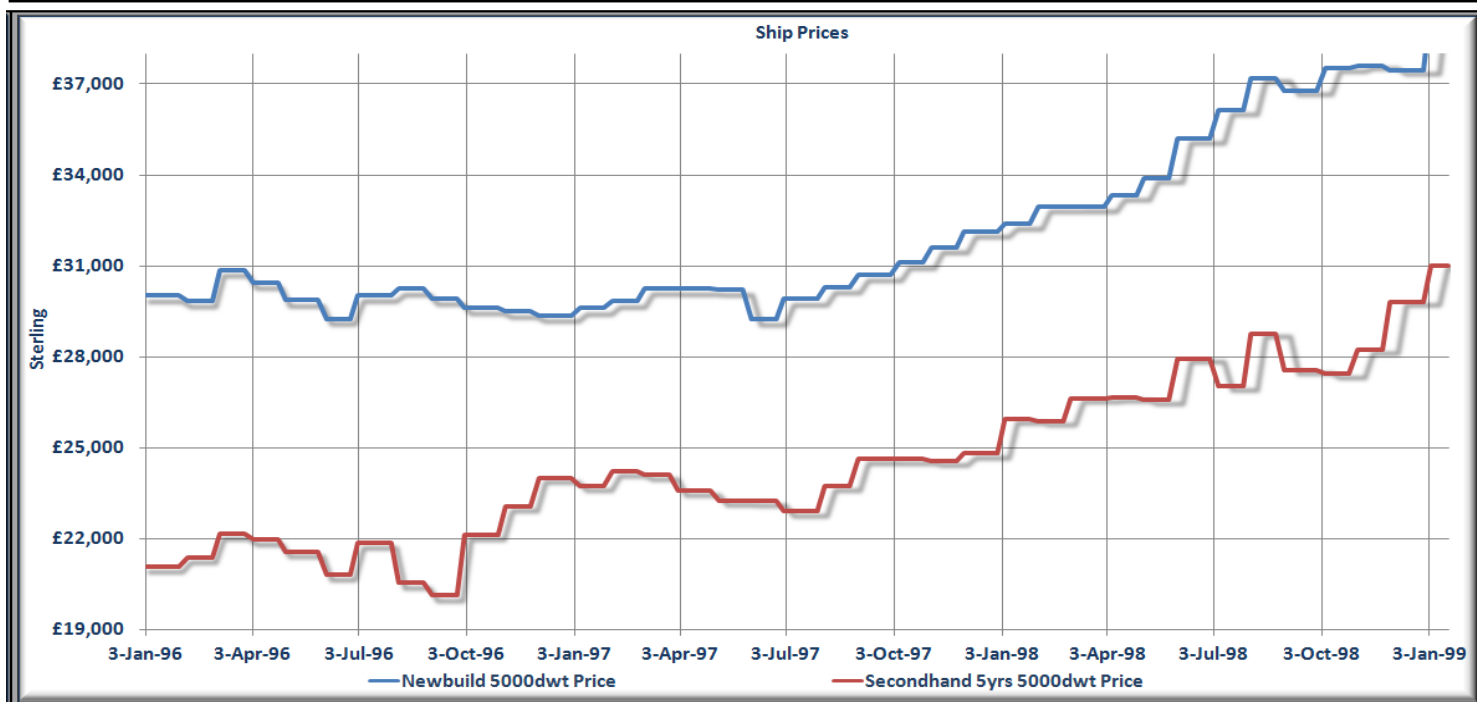
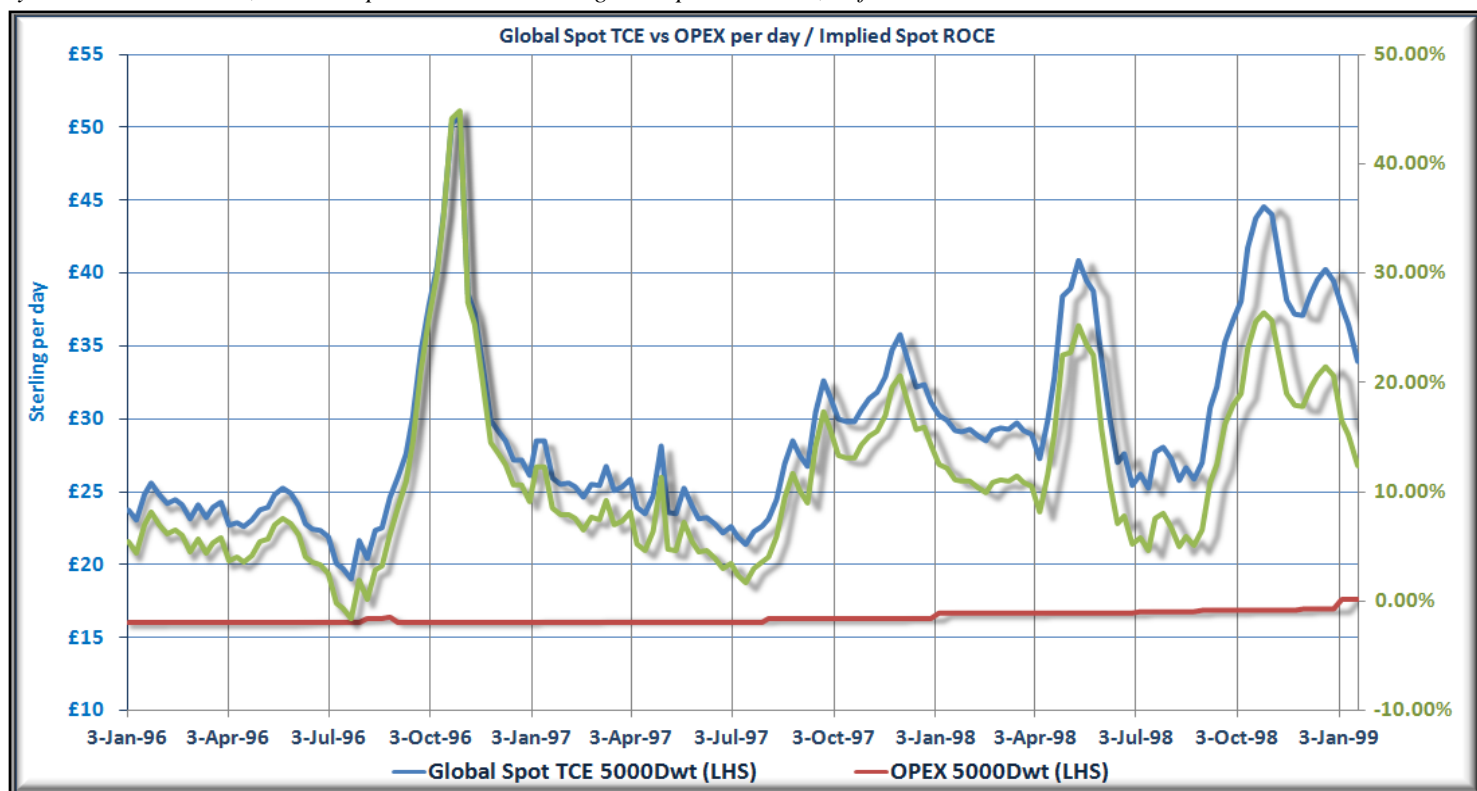
*Tobin's Q represents the ratio between the market value and replacement value of a physical asset, with numerator and denominator adjusted to same age basis. According to economic theory, this ratio should be mean reverting towards 1 or 100%, for assets that do not face technological obsolescence.





Market Insight 120 years ago

By: Michalis Voutsinas, Doric Shipbrokers S.A. and Angela Papanastasatou, Tufton Oceanic Ltd.



Weekly Spot Market	Current week	Previous week	Dec-00	Nov-00	Oct-00
Implied Spot Roce	12.4%	15.3%	20.1%	21.2%	23.6%
Global Spot TCE	£33.86	£36.47	£38.96	£39.98	£41.99
BlackSea Round	£34.39	£37.20	£40.34	£41.10	£44.25
East Round	£37.68	£38.42	£39.46	£42.01	£44.66
Med Round	£31.16	£34.31	£36.04	£36.92	£36.86
US Round	£36.24	£37.75	£42.05	£43.82	£44.84
River Plate Round	£35.58	£37.34	£38.07	£38.61	£41.99

S&P Market (5,000dwt)	Current week	Previous week	Dec-00	Nov-00	Oct-00
NB	£39,641	£39,641	£37,425	£37,599	£37,509
SH 5yrs old	£31,017	£31,017	£29,820	£28,241	£27,443
SH 10yrs old	£24,186	£24,186	£23,103	£21,672	£20,974
SH 15yrs old	£18,885	£18,885	£17,786	£16,334	£15,658

*1 Sterling = 20Shillings, 50% of the World Fleet under British Ownership, Size Categories: "Small"=below 2,500dwt, "Handy"= 2,500-4,000dwt, "Large"=5,000dwt, "Very Large"= 6,000dwt, "Ultra Large"=above 6,000dwt, Assumptions for a 5,000dwt Benchmark Ship: Voyage Speed=9knots, Fuel Consumption 17.75tonnes of coal/day

History does not repeat itself but it does rhyme...

From Cardiff to the W.C. Italy and for Port Said 9s has been accepted, while it is reported that the only stem obtainable for a prompt boat was for one to load for Venice or Ancona at 9s 3d. This latter fixture may represent a serious downward movement for in proportion rates to Genoa, etc would be 8s to 8s 3d. Such a fixture as this, however, cannot have much influence on the market, for it was obviously the case of a boat "in distress" having to take anything obtainable. It is now almost impossible to stem another boat for January loading, cargoes of the best coals being unobtainable outside of contract before about the 10th February.

Much about the same state of affairs exists in regards to obtaining bunker coal, it being difficult to get even a second or third-rate coal for shipment this month. Price are very stiff, even through-and-through bunkers fetching from 9s 9d to 10s per tonne against 7s 10d only a little while ago. The congestion in South Wales has brought a bad condition of the Documentary Committee's new coal charter into prominence, namely the demurrage clause. Those who formulated the clause had apparently only in their mind's small boats of about 2,500 tonnes cargo, which under normal conditions of the freight market might be contented with demurrage at the rate of 16s 8d per hour or £20 per day. However, for boats of 5,000 tonnes which charterers are now constantly taking up, such rate of demurrage as 16s 8d per hour is utterly ridiculous, as when running they cost their owners from £15 to £20 per day for stores, provisions, insurance and wages.

It is true that while waiting for cargo in Wales all the sailors and firemen would not be on board, still the most expensive hands would be on full pay – captain, officers and engineers –, but these large boats ought to be making a profit of at least £20 per day. Consequently laying up in Wales for £20 per day must result in a very serious loss to big steamers. Take a boat costing £40,000. Her lifetime is a limited one, and if she is to be a success she must pay well the first few years, or owners will never see a bare 20s back for their £ invested. Assuming 10 per cent per annum as a moderate yield to cover depreciation and to allow of an insignificant rate of interest on the Capital, this mean nearly £11 per day is wanted to provide this 10 per cent per annum. Add this amount on to the working expenses and it will be found that the present rate of 16s 8d per hour demurrage represents an absolute loss to owners. Demurrage is – or was- intended to fully compensate owners for detention; why should there be such an extraordinary exception in the case of coal charters? There certainly ought to be some revision in this respect and we suggest a scale of demurrage being agreed upon: - so much per hour for 1,500 to 2,000-tonne cargo boats and so much extra per hour for every 500 tonnes larger. For this miserable £20 a day, boats are now being hung up in Wales which could be earning £40 per day on time-charter.

In the spot arena, the homeward markets have not been very cheerful this last week, but owners must not forget that rates in January and February are frequently poor. What is now wanted is careful consideration and forethought in regard to the selection of employment. To take one direction. It is wise to send a large number of boats from the UK to Constantinople? They have only one string to their bow, namely the Black Sea market, whereas by going to Sicily the selection of employment would be good: the boats could either run up to the Black sea, or failing a good market there could load home or for the US from Sicily.

The Black Sea market is very dull, tonnage once more having got into a state of congestion and in excess of the demand. Berth rates from Odessa, Sulina and the Crimean ports to L.H.A.R. are 9s 9d per tonne grains.

The Mediterranean market has been very active, especially for ore chartering. Rates are inclined to go easier, tonnage being really plentiful. From Smyrna, prompt tonnage is worth 10s to London, Hull or Leith.

The American market is sick, business being difficult to arrange. Gulf rates on the net charter are dull at 15s for January/February and 14s 6d March.

The River Plate market has continued very firm for all positions up to April next. Berth grain rates from up river San Lorenzo limit for L.H.A.R. are 22s 3d per tonne and from lower ports 18s. Calcutta rates are steady, whilst coal rates from Wales to the East are weak.

On the S&P front, both the newbuilding market and the secondhand market trended upwards. A typical newbuilding 5,000dwt British-build steamer is currently at the market for £39,600, up 27.5% on a yearly basis, whereas a fifteen-year-old of the same dwt and specification at £18,900, or up 39.5% Y-o-Y.