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15th Annual Capital Link International Shipping Forum
Tuesday & Wednesday
March 2 & 3, 2021
Digital Conference

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15th Annual Capital Link International Shipping Forum “Sailing Into Recovery”

Tuesday & Wednesday, March 2&3, 2021 - Digital Conference
Held In Partnership with Citi, and in cooperation with NYSE & NASDAQ

2 Days – 21 Sessions – 90 Speakers – 46 Shipping Companies

Over the course of 2 days, the Forum featured 21 sessions, 90 senior executives from 46 leading maritime companies, financiers and industry participants. 1x1 meetings were scheduled between institutional investors and senior executives of shipping companies and held in parallel to the Forum.

The panel discussions were informative and insightful, showcasing all major shipping sectors and critical industry topics. During this 2-day Forum, there was a collective consensus about an optimistic and positive outlook, now that the world economy is opening up and that economies and societies around the world are gradually returning to normality.

The forum was graciously received from the global maritime community, featuring a top agenda of industry leaders, and welcoming over 2,500 delegates.

The Forum also received extensive coverage from multiple media outlets.
Select the article of interest in the following page. The articles appear in chronological order. We hope it will be of interest to you as it was to us.

Thank you,

Capital Link Team

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Shipping should split $1trn green transition bill

Industry can gain an advantage by negotiating a favourable carbon-pricing mechanism

Grindrod Shipping chief executive Martyn Wade says some charterers are not paying enough for green shipping.Photo: Oscar May/Marine Money

10 March 2021 13:54 GMT *UPDATED 10 March 2021 13:54 GMT*

By **Max Tingyao Lin**

in **London**

With growing regulatory pressure on the shipping industry to reduce greenhouse gas emissions, the issue of who should foot the green bill has become contentious.

At a virtual conference earlier this month, Grindrod Shipping chief executive Martyn Wade had some complaints of his clients but stopped short of revealing names.

The shipping industry is a major source of pollution. Photo: Canetti

"I always have a bit of a beef about the charterers who appear on the front page of TradeWinds proclaiming their green credentials are the same individuals that at times will take an old ship because it's 50 cents cheaper," he said during the Capital Link International Shipping Forum.

His remarks accurately describe the cut-throat nature of freight markets. Day in and day out, most charterers would happily take the cheapest tonnage available, especially in the highly competitive tanker and bulker markets.

The sentiment that some companies are more interested in greenwashing than green shipping investments is also not lost among many environmentalists.

But charterers can also point to parts of the existing market mechanism that favour new, eco tonnage with less pollution and lower carbon emissions — perhaps with some justification.

In voyage deals, where shipowners pay for marine fuel, those who invest in better tonnage tend to enjoy savings in bunker costs of a few thousand dollars per day.

Green ships pay

And most charterers are willing to tolerate higher rates for eco ships in period deals, because they can enjoy similar savings when operating the vessels.

On the other side of the coin, big players have often steered away from the shipowners with the most-polluting vessels.

It is well known in the tanker market that oil majors generally prefer vessels below the age of 15 years.

As for dry bulk, some of the world's largest miners and trading houses have policies of avoiding ships with the least desirable environmental performance ratings, as measured by vetting agencies such as RightShip.

The question, then, is not who should bear the costs of greener shipping. It is about how the costs can be shared fairly across supply chains.

Hefty costs

Shipowners are worried — for good reasons — after the International Maritime Organization set the ambitious goal to lower greenhouse gas emissions from ships by 2050.

An earlier analysis by University Maritime Advisory Services and the Energy Transitions Commission found at least $1trn of new investment is needed to meet the mid-century target.

The money would go towards infrastructure investments in new, zero-carbon fuel production, supply chains, and a new or retrofitted fleet.

Much of it could become capital expenditure on the balance sheets of shipping companies.

But the headline figure should not scare shipowners into inaction. Based on past examples, the industry actually adapts to environmental regulatory change quite well.

When the IMO decided to lower the global sulphur cap for marine fuel from 2020, various studies showed the change could push up fuel costs by $30bn to $60bn per year.

Last year saw shipping companies successfully pass incremental bills onto their clients in most cases, albeit aided by a low oil-price environment.

Take the initiative

Looking forward, the best approach for the industry is to tackle the task of decarbonisation head on, by negotiating a mechanism with regulators and charterers to pay for emissions.

On the charterers' side, many major players are much more familiar with carbon trading than shipowners.

European oil refineries, power plants and steel mills have been paying for their CO_2 emissions for years under the European Union's emissions trading system (EU ETS).

Across the pond, the American Petroleum Institute — the largest US oil and gas lobbyist group, whose members include Chevron and ExxonMobil — is reportedly considering support to carbon pricing.

In contrast, the negotiation over a global carbon market for shipping at the IMO has dragged on for years without a major breakthrough.

Many shipowner organisations have opposed the EU's proposal to include shipping in the EU ETS, arguing such regional rules would create an uneven playing field.

Some in shipping may secretly hope to avoid paying for carbon emissions altogether amid apparently perpetual delays in regulatory process. However, this is risky.

Shipping is not segregated from the macroeconomic system. When all other sectors are ready for carbon pricing, they will come back to ask shipowners to share the costs in other forms, such as lower freight rates.

It is better to be a rule-maker than a rule taker.

Source:
https://www.tradewindsnews.com/regulation/shipping-should-split-1trn-green-transition-bill/2-1-977355

Top

OPEC+ deal shocker will prolong bloodletting for crude tankers

With rates already well below breakeven, tankers get no lifeline

Greg Miller, Senior Editor Follow on Twitter Friday, March 5, 2021 0 480 5 minutes read

The day before the surprise OPEC+ crude-production decision, Lars Barstad, interim CEO of tanker owner Frontline (NYSE: FRO), pointed to estimates that up to 1.5 million barrels per day (b/d) of output might return. If so, that could lead tanker markets "to tighten up quickly" and "be a trigger to sentiment … and give owners the gumption to say, 'Rates are negative so I'm going to hold back.'"

Barstad was addressing the virtual Annual Capital Link International Shipping Forum, along with other top tanker execs. Hugo De Stoop, CEO of Euronav (NYSE: EURN), told attendees he expected the OPEC+ decision to be "the first signal" of the coming demand recovery.

Harrys Kosmatos, corporate development officer of Tsakos Energy Navigation (NYSE: TNP), compared tanker owners to "sprint runners before the 100-meter final in the Olympics. We're in our lanes, doing our jumps and warmups. We're positioning ourselves to hear the gunshot. We could have the customary false starts, but eventually the sprinters will start running."

Cue the latest false start: Thursday's OPEC+ decision. Tanker owners — cartel production hopes now dashed — will be bleeding cash for even longer than they thought.

'Shocking' decision

The analyst consensus was that OPEC+ and Saudi Arabia individually would bring 1 million-1.5 million b/d of production back online starting next month. Instead, OPEC+ will hold production flat and Saudi Arabia will continue its voluntary 1 million b/d cut.

Even worse for tanker demand, Argus Media reported that Saudi Arabia is not going to bring its production back all at once starting in May. Rather, it would phase production back in "gradually," and "not in a single month." Oanda analyst Edward Moya dubbed Saudi Arabia's decision "shocking."

Fearnleys Securities said on Friday, "For the tanker market, the move from OPEC+ is likely to keep rates at very challenged levels for now as volumes will continue to lag pre-COVID levels substantially."

According to Clarksons Platou Securities analyst Frode Mørkedal, "Brokers report that sentiment among owners took a hit yesterday [Thursday] from the OPEC+ decision to maintain output for another month."

In other words, Barstad had hoped the OPEC+ decision would give owners more "gumption." Instead, they have even less.

Heavily loss-making rates

Crude-tanker Q1 2021 financial results are shaping up to be historic for all the wrong reasons.

Clarksons assessed Friday's time-charter equivalent (TCE) rates for VLCCs (very large crude carriers; tankers that carry 2 million barrels of crude oil) at $4,400 per day. On the benchmark Middle East-China route, Clarksons put the average rate at a fresh low of -$100 per day.

There are two kinds of breakeven rates for tankers: "all-in" breakeven and "opex" breakeven. All-in breakeven includes all costs, including debt payments and interest expenses. Opex breakeven doesn't cover finance charges; it only covers operating costs for expenses such as crew, stores, spares, management fees and insurance.

Breakevens vary from company to company. But analysts ballpark VLCC all-in breakeven at around $22,000-$25,000 per day and opex breakevens at around $7,000-$10,000 per day.

VLCC rates have been at or below all-in breakeven for the past eight months. They have been at or below opex since late January.

Everything below all-in breakeven equates to a loss for shipowners (and their investors). Yet the recent negative TCE rates point to a new level of pain.

Shipowners pay for fuel in a spot voyage. TCE rates are calculated net of fuel, assuming the use of 0.5% sulfur fuel oil. A negative TCE rate implies the tanker owner paid more for a voyage's fuel than it received from the charterer to transport the oil.

Supertanker speeds should slow

Mørkedal noted that the OPEC+ announcement, by hiking the price of oil, will increase the price of marine bunker fuel. This should compel tanker owners to slow down on ballast (unladen) legs to conserve fuel.

"With earnings so low on many routes, [higher bunker prices] may translate into an increase in freight levels simply to maintain positive or opex-level voyage earnings," he explained. "With no lifeline from OPEC, we think tanker owners should cut speed, which lowers the direct fuel costs and lifts TCE earnings," he said. He added that this would also "help tighten the supply of vessels."

According to De Stoop, some of the shipbroker reports on TCE rates are wrong, because they assume fuel consumption based on too high an average speed. Thus, reported TCE rates may be too low.

"There is no reason to hurry up to a negative-return market. When we see the average speed computed by some of the brokers — this is a shame. People don't understand economics. Consumption is exponential. So, if you reduce your speed by 1 or 2 knots, there is a massive reduction of what you're going to consume. The opportunity cost [of going slower on the ballast leg] is absolutely minimal in the market we are in. So, please, focus guys," said the Euronav CEO, admonishing brokers.

But it's not just brokers who put out rate reports. So does the Tankers International (TI) VLCC pool. De Stoop's company, Euronav, is a founding member of TI, which publicly reports VLCC spot fixture deals each day. It has reported numerous negative TCE deals. On Friday, TI reported a preliminary agreement to charter the VLCC Ivonne from the Middle East to India at a TCE of -$4,825 per day.

Tankers won't go into layup

According to Barstad, "The challenge is that a large majority of the owners that don't have scrubbers [allowing use of cheaper 3.5% sulfur heavy fuel oil] or modern eco ships have been making negative numbers for an extended period of time."

Tanker owners are agreeing to loss-making voyages because there's no viable alternative for ships too young to be scrapped. Laying up non-scrap-worthy tankers is too expensive and impractical. Plus, owners see a strong market just over the horizon, after vaccines are prevalent and air travel returns. Despite the pain, they want to remain in the game.

Kosmatos explained, "This depression in rates is almost exclusively pandemic-related. We do see an end in sight. It's a matter of when, not if. And when you reach the end of this crisis, you need to be on the radar screen. You need to keep moving oil, even at a loss for a small period of time, because the vessel needs to be there to take advantage [of a recovery] and you have to make sure the propellers are still running and the vessel is operating and positioned to be in place for what could potentially be a lucrative market rebound."

Advice to owners: Just say no

Referring to rates, Barstad added, "We've kind of gotten used to just sailing through the storm rather than stopping and waiting for it to pass. But I have to say that we as owners have to consider whether it's correct to drop your pants — your price — at every turn to wiggle out business that's loss-making."

While Barstad agreed that it didn't make sense to lay up a tanker, he stressed, "You can say no. I think our clients are not used to getting the word 'no.' This doesn't make any sense at all. We as owners have a collective duty …"

De Stoop completed Barstad's sentence. "We have a duty to say no when we are basically subsidizing our customers."

Click for more FreightWaves/American Shipper articles by Greg Miller

Source: https://www.freightwaves.com/news/opec-deal-shocker-will-prolong-crude-tanker-bloodletting

Top


Maxim Group partner Larry Glassberg says Spacs may be a tough go for shipping deals, but secondary offerings for smaller public owners have been red hot.Photo: Maxim Group

Interest high in shipping Spacs, but odds remain low

Expert in blank cheque deals lays out the realities of the IPO craze sweeping US equity markets

4 March 2021 7:34 GMT *UPDATED 4 March 2021 10:31 GMT*
By **Joe Brady** in **Stamford**

So you are thinking about launching a special purpose acquisition company (Spac) in the shipping space? Well, get in line, and do not get your hopes up too high.

That effectively was the message from an investment banker whose firm specialises in the reverse-merger structures that have taken US equity markets by storm in 2020 and accelerated into 2021. Despite their popularity in broader markets, Spacs present some challenges for the maritime sector.

Speaking on a panel at the Capital Link International Shipping Forum on Wednesday, Maxim Group's Larry Glassberg talked about both the high level of interest in blank-cheque deals and the hurdles he sees in the way of getting them done.

"A day doesn't go by that I'm not approached about a Spac or a direct-issuance IPO [initial public offering] — I've probably had 15 or 20 discussions in the last week," Glassberg told colleagues on a capital markets panel.

It is a subject that Maxim Group knows quite well. Glassberg, a senior managing director, said the bank has been involved in roughly 30% of the Spacs executed in recent years, and more than 50% of those with a shipping focus.

But with that knowledge base, Glassberg also needed to deliver a fairly sobering message — concern over net asset value (NAV) that was also expressed by experts who spoke with TradeWinds on the subject in February.

"Until we see really sustained valuations of companies above NAV, [sponsors will be] significantly challenged to get deals done in both IPOs and Spacs," Glassberg said.

Spacs turned record numbers in 2020, raising more than $82bn through IPOs. The momentum accelerated into 2021, with 175 new deals raising $56bn up to 26 February, data show.

However, none of that money has gone towards a shipping deal.

Sponsors raise a blind pool of capital through an IPO, place it in a trust and typically have two years to find a suitable acquisition target. The deal depends on persuading investors that the private acquisition will appreciate significantly under the public structure.

Glassberg estimated that a shipping deal might need to see a 30% premium to NAV to sell, and that has been a problem for a sector where public owners struggle to reach NAV at all.

"There are definitely a lot of people tiptoeing around it," Glassberg said. "But there are also 365 Spacs out there looking for transactions today, and a lot can easily change their sector focus to go after shipping if they want to.

"I think there will be shipping Spacs coming out. I can't tell you whether we have any in the pipeline. But the question is, is there the arbitrage to [complete the deal]?"

Then again, Glassberg and Maxim Group have not had to depend on Spacs to provide them with shipping revenue.

The bank has been quite successful with a raft of secondary offerings for smaller listed owners, most in dry bulk, where valuations have appreciated.

He estimated that Maxim Group has completed 35 such deals in the past 14 months — and they are getting larger.

A $75m deal by Seanergy Maritime to aid expansion of its capesize fleet is significantly larger than the deals Maxim Group was doing for owners early in 2020.

"Last year, the deals were $15m to $25m," Larry Glassberg said. "The $75m follow-on for Seanergy had 20 institutional investors involved as well as a large retail platform. A very active institutional market is coming back into the names. [Trading] liquidity is driving a lot of the demand."

Maxim Group has also worked closely with Castor Maritime, the Cyprus-based owner that has recently captured the interest of US amateur investors connected with the Game Stop trading controversy.

The Maxim Group partner advised that owners would be wise to exploit the surging capital flow into US equity markets while it lasts.

"Markets are euphoric, markets are active," he said. "Take advantage of it while you can, because there will be a reckoning."

Source: https://www.tradewindsnews.com/finance/interest-high-in-shipping-spacs-but-odds-remain-low/2-1-974024

Top

Danaos chief financial officer Evangelos Chatzis foresees a supercycle coming to the boxship sector.Photo: Marine Money

Boxships may be headed into supercycle, owners say

Owners are eager to buy secondhand tonnage to keep up with demand, says Euroseas chief executive Aristides Pittas

4 March 2021 7:39 GMT *UPDATED 4 March 2021 13:45 GMT*
By **Michael Juliano**

in **Stamford**
The containership sector has been so hot for several months that owners are beginning to throw around the "S" word: supercycle.

The Freightos Baltic Index more than tripled to 4,092 points on Wednesday from 1,363 points a year ago, cooling off from a high of 4,302 points attained on 24 February.

The upturn took off in the second half of 2020 when the index hit 1,817 points on 1 July and never looked back amid a "Covid crunch" that slammed owners with fixtures for delayed goods.

The booming sector continues to rally three months into 2021, as global trade growth allows for strong demand during a time of very low supply, Danaos Corp chief financial officer Evangelos Chatzis said.

"We see the emergence of what we believe is a supercycle," he said on Wednesday as a member of a containership panel hosted by the Capital Link International Shipping Forum.

"We expect to see a strong market within the next two to three years."

A supercycle is a long period of very strong demand growth that can spark a rally in rates that can last years or, in some cases, a decade or more.

The last supercycle in container shipping happened in the mid-2000s.

Long-term fixtures for now

Container shipping may indeed enter a supercycle, but Euroseas chief executive Aristides Pittas said many owners will take long-term fixtures for now with the ships they have, instead of ordering new vessels while rates are this high.

"They are extremely profitable for all companies," he said from the panel.

"For the next two years, we still think it will be a very strong market."

Owners are still holding off on ordering newbuildings because it is difficult to know where the market will be two years from now when those ships hit the water, Global Ship Lease executive chairman George Youroukos said.

"It will be a good market, but I don't know if it's going to be as good as today or twice as good or half that good, which is still good," he said. "That's a lot of risk."

However, Pittas said the market is still strong enough to have owners scrambling for secondhand tonnage while boxships line up at ports off California and wait for delayed cargoes.

"They are thinking about, 'how can I have more ships service my customers?'," he said.

"I think this is the real problem. The demand is so big and all the logistical issues augment the demand."(Copyright)

Source: https://www.tradewindsnews.com/bulkers/boxships-may-be-headed-into-supercycle-owners-say/2-1-974053

Top

Torm chief executive Jacob Meldgaard expects refinery closures to boost the product tanker market further when demand returns.Photo: Kenny Hickey

Refinery closures and vaccines push product tanker recovery ahead of crude

Panellists at Capital Link's International Shipping Forum believed the sector's turnaround would be quick

4 March 2021 7:45 GMT *UPDATED 4 March 2021 11:38 GMT*
By **Matt Coyne**

in **Stamford**
Unlike other down cycles, product tanker owners are expecting the market to improve before crude tankers thanks in part to refinery closures.

Panellists on the product tanker panel at Capital Link's International Shipping Forum on Wednesday said that while both sectors are in the doldrums, pent-up demand for travel as the world normalises after Covid-19 would lead to a quick recovery bolstered by additional tonne-mile demand.

"It's our house view that, certainly in the intermediate term, the [product and crude] segments are highly correlated," said Diamond S Shipping chief financial officer Kevin Kilcullen, whose company owns both types of ships.

"We believe products will recover first this time."

In many of the world's developed economies, refineries have closed despite steady demand for oil products, meaning things such as gasoline and jet fuel will have to be carried from abroad — mostly on tankers.

Torm chief executive Jacob Meldgaard said it was not just closures in Australia and New Zealand — which are expected to require five to 50 MR tankers to carry refined products to meet demand — but closures on the US east and west coasts, too.

"It's really scattered around in the developed economies [where people say] refineries are something we don't want in our back yard," he said.

"Once you get that demand kick, you really will have an increase in the tonne-mile demand even at the same consumption levels pre-Covid. Of course, we need the vaccination roll out."

Scorpio Tankers president Robert Bugbee expects that recovery to happen rapidly, citing improvement in rates and demand in Asia following the Lunar New Year holiday and US gasoline demand rises.

"We know from human behaviour that it's going to be instantaneous," he said.

He said many more people will start driving and flying once vaccinations become widespread, which could be as early as May in the US thanks to new vaccine approvals.

"Very soon, we're going to be using even more gasoline and jet fuel," Bugbee said. "I think that's fantastic. That's the most important thing."(Copyright)

Source: https://www.tradewindsnews.com/tankers/refinery-closures-and-vaccines-push-product-tanker-recovery-ahead-of-crude/2-1-974038

Top

Euronav chief executive Hugo De Stoop said owners have a duty to say no with rates so low.Photo: G Morty Ortega/Marine Money

With rates in the red, tanker owners need the courage to say no

Until the market recovers, owners encourage each other to pick and choose voyages

4 March 2021 7:45 GMT *UPDATED 4 March 2021 13:17 GMT*
By **Matt Coyne**

in **Stamford**
With rates as low as they are, crude tanker owners need to learn to say no.

During the Capital Link International Shipping Forum, held online on Wednesday, owners said current rates are loss-making and that turning down business might be the way to go.

"We have a duty to say no when we're subsidising our customers," Euronav chief executive Hugo De Stoop said.

Tanker earnings are well into the red, with Poten & Partners assessing rates of -$4,700 per day on a Middle East Gulf to Far East voyage for a VLCC and -$4,300 per day for a suezmax sailing from West Africa to Europe, with the midsize carriers averaging -$4,000 per day for the year.

The market is expected to peak up in the second half of the year, with Covid-19 lockdowns winding down and oil demand rising.

But between now and then, De Stoop is surprised that more ships are not slow steaming to support the market.

"When we watch the average speed that's computed by some of the brokers, it's a shame," he said. "People don't understand the economics."

By slowing down by a knot or two, De Stoop said there would be "absolutely minimal" opportunity loss.

"Please focus, guys," he insisted.

Both Lars Barstad, interim chief executive of Frontline, and Tsakos Energy Navigation chief development officer Harrys Kosmatos said idling ships was not an option.

Kosmatos said "you need to be on the radar screen" for charterers.

"Losing some money for a short period of time, its part and parcel of shipping," he said.

"We're all in this industry for the long haul. All of us on this panel, in a way we can afford to go through some loss-making trips. But making sure the propellers are running, the vessels are operating and positioning them in a place that could potentially be very lucrative when the market rebounds [is important]."

Barstad, though, did say owners have a responsibility to consider whether its the right move to drop your price to loss-making levels in order to find business.

"I'd like to say that for sure you don't idle, but you can say no," he said.

"I think our clients are not used enough to getting the word no. This doesn't make any sense at all."

Source: https://www.tradewindsnews.com/tankers/with-rates-in-the-red-tanker-owners-need-the-courage-to-say-no/2-1-974019

Top

For Credit Suisse analyst Greg Lewis, if a shipowner has scrubbers on its vessels, it will profit in 2021 and beyond.Photo: Chris Preovolos

Analysts see a dry spell and that's a good thing, but then what?

Majority of Capital Link pundits like dry bulk's momentum to continue, but other bets are more attractive in longer term

4 March 2021 8:24 GMT *UPDATED 4 March 2021 10:20 GMT*
By **Joe Brady**

in **Stamford**
Where to put your money on a 2021 shipping bet?

A panel of equity analysts at Wednesday's Capital Link International Shipping Forum had a clear preference for the dry bulk trade — but only to a point.

After that, tankers look stronger on continued inventory destocking and the return of global travel as nations reopen and recover from the Covid-19 pandemic — at least in the view of some pundits.

And then there is a wild card: if a shipowner has scrubbers on its vessels, it might be worth backing regardless of the operating sector.

The five analysts under questioning from Capital Link founder Nicolas Bornozis were generally together on an overall positive view of shipping prospects for 2021 and beyond.

"In deep value, I like dry bulk," said J Mintzmyer, lead researcher for Value Investor's Edge and also an investor in shipping stocks.

"Not all the stocks are up to NAV [net asset value] yet. I like dry as a trade in 2021 but I don't like it long term. Longer term, I'm more apt to pick containerships."

Mintzmyer drew agreement from both Greg Lewis of Credit Suisse and Randy Giveans of Jefferies, at least on the short-term dry play.

"I'm bullish on dry bulk," Lewis said. "Coming out of Chinese New Year, cape rates are moving higher. It's what I'd want to own now."

Giveans added his support for bulkers and boxships in the short term.

"But give me more than six months and I like refined product tankers and even crude tankers," he said. "With travel and jet-fuel demand moving higher, give me nine months and I like tankers."

Ben Nolan of Stifel piled on the bulkers bandwagon, but begged off on containerships, saying he worried about a fall from current highs.

"If we go lower, we're going to lose momentum," he said.

Omar Nokta of Clarksons completed the dry enthusiasm, but not at the exclusion of tankers, saying he sees a quicker recovery than Giveans projects.

"I'm very excited, but not necessarily over six to nine months," Nokta said. "It may may happen sooner than that."

He noted that an Opec meeting on Thursday is likely to bring good news in the form or production increases.

"It's not what they decide to boost production by, it's that every meeting is now about what they're bringing on, not reducing," Nokta said.

Increasing oil prices also mean wider spreads between prices of high-sulphur and low-sulphur bunkers, something seized upon by Lewis in his remarks about users of exhaust-gas scrubbers. They allow shipowners to continue using dirtier but lower-priced fuel.

"Think about looking at companies that own scrubbers," Lewis said.

"Scrubbers are making money now, and we expect that price spread to widen. We think companies that have scrubber exposure should outperform over the next six to 18 months."

With the stock-pickers finding more good than bad in their forecasts, Nolan noted the absence from the panel of Evercore ISI analyst Jonathan Chappell, who has often struck a bearish tone over the years.

"With Jon not here, I'm probably the most curmudgeonly of the group, but I feel pretty good about things," Nolan said.(Copyright)

Source: https://www.tradewindsnews.com/finance/analysts-see-a-dry-spell-and-thats-a-good-thing-but-then-what-/2-1-974096

Top

What new boom in vessel sales means to shipping stocks

Shipping S&P market suddenly more active than it has been in years

Greg Miller, Senior Editor Follow on Twitter

Wednesday, March 3, 2021

When you're paying seven figures for a ship, you want to inspect it before sealing the deal. You want to make sure you can actually get the old crew off and your own crew on. COVID threw a monkey wrench into all that. Not surprisingly, shipping sale-and-purchase (S&P) activity slowed to a crawl for several months last year.

That lull is long gone.

S&P activity is now booming across multiple sectors, which should be a plus for shipping stocks. Higher secondhand ship demand should equate to higher asset values, which should theoretically equate to higher share prices.

According to Clarksons Platou Securities analyst Frode Mørkedal, "It has been over a decade since buying activity has been elevated and aligned across the three conventional shipping sectors of tankers, dry bulk and containers."

Allied Shipbroking of Greece counted 185 ship sales in February and 176 in January. Those are the highest monthly tallies in at least a half-decade.

Box ship sales highest in years

According to a new report by Alphaliner, S&P activity in container shipping has "surged to the highest levels in four years, with prices in some segments now double those seen a year ago."

Buying interest is so intense that the average age of ships bought in the first two months of 2021 "has risen to nearly 15 years as operators look to lay their hands on scarce tonnage to meet demand."

Alphaliner noted that ships with combined capacity of 140,000 twenty-foot equivalent units (TEUs) changed hands in January alone. One example of a sale reported by Alphaliner in February: TS Lines bought the 2013-built, 4,957-TEU Songa Toscana for $42.3 million. That's 84% more than seller Songa Container paid for it in 2018.

Mørkedal believes that box-ship asset values have room to run. "There remains further upside, given [that] secondhand prices remain below levels seen in 2010, while earnings power [charter rates] is higher."

Dry bulk sales 'frenzy'

Brokerage Eastgate Shipping said Wednesday that there is now a "frenzy" of dry bulk S&P transactions. It pointed to the surge in rates for Handysizes (bulkers of up to 35,000 deadweight tons or DWT), Supramaxes (45,000-60,000 DWT) and Panamaxes (65,000-90,000 DWT).

"This surge in rates naturally attracts buying interest, which subsequently continues to push asset values higher," said Eastgate. "This, in turn, attracts more owners to consider becoming sellers, keeping the stream of available candidates, especially in the Panamax and Supramax segments."

Mørkedal noted that the majority of listed dry bulk companies have been "discussing plans to remain acquisitive or become more acquisitive in the coming months."

Deals are piling up. On Wednesday, Star Bulk (NASDAQ: SBLK) announced two more ship acquisitions. They were its 11th and 12th ship purchases in the past three months. Golden Ocean (NASDAQ: GOGL) is buying 18 bulkers in a related-party deal. Eagle Bulk (NASDAQ: EGLE) has purchased seven vessels since December.

Even tankers trading hands

"Interestingly, tanker sale-and-purchase activity has been plentiful, despite the extremely low earnings, which indicates that buyers are increasingly optimistic on the outlook given what has been witnessed in other shipping segments," said Mørkedal.

As of Sunday, Allied Shipbroking counted 85 tankers totaling 11.5 million DWT trading hands for $1.7 billion since the beginning of this year — in the vicinity of dry bulk sales in terms of DWT.

Since then, TORM Shipping (NASDAQ: TRMD) announced the purchase of eight medium-range product tankers from TEAM Tankers for $82.5 million in cash and 5.97 million TORM shares. During the Annual Capital Link International Shipping Forum on Wednesday, Euronav (NYSE: EURN) CEO Hugo De Stoop implied that his company could soon switch from buying shares to buying ships.

"We bought back $180 million of shares last year and earmarked another $50 million for buybacks this year at the time we announced Q4 results [Feb. 4] but our share price was 20% lower than it is today," explained De Stoop. "We have closed the gap on NAV [net asset value, the market-adjusted value of the fleet and other assets, minus debt and other liabilities]. It is very close. So, we are at a point where it may not be required to do share buybacks. If our share price is at or around NAV, we will always prefer to buy assets. Certainly when we are in low territory for values."

In general, the closer public shipping companies' shares trade to NAV, the more likely management will stop buying back their own shares and start buying secondhand vessels. That change in behavior would increase S&P demand even further.

Relationship between rates and asset values

During most of the decade since the financial crisis, shipping stocks traded at a substantial discount to NAV. In other words, the shares weren't worth as much as the ships were in the physical secondhand market. Importantly, asset values at that time were usually higher than implied by charter rates — a good reason why shares traded at a discount to NAV.

During a Capital Link webinar on shipping stocks in February, Clarksons Platou Securities analyst Omar Nokta recalled, "For the past decade, asset values were largely better than the earnings underlying those ships. You didn't really earn your cost of capital. And if the charterers weren't willing to pay the freight rates to justify the asset values, Wall Street wasn't going to give that valuation either."
This year, at least in the container and dry bulk sectors, asset values appear lower than what is implied by underlying charter rates, the reverse of the earlier dynamic.

Unlike in earlier years, charter rates are outpacing secondhand market values. If rates are sustainable — always a big "if" in shipping — they should theoretically pull NAV upward. And all else being equal, if NAV rises, so should shipping stock prices.

Jefferies analyst Randy Giveans said during the February Capital Link webinar, "In the past, NAVs were elevated [compared to rates]. In the last few months, that has not been the case, and in our view, NAVs are rising. We think NAVs are starting to increase."

More room for values to run?

During the Capital Link event on Wednesday, Giveans further explained, "There have been many companies buying secondhand tonnage in the last few weeks.

"As steel prices go up, and inflation goes up and people remain reluctant to order newbuildings, the gap between 5-year-old vessels and newbuilds will tighten. Increased S&P activity will increase valuations. And sometimes that goes back and forth and asset values snowball in a relatively short period of time."

According to Nokta, "If you look at the dry bulk stocks, they've had a great run. The group currently trades at around NAV. Obviously NAV is a moving target, but the [stock] market tends to gravitate towards where NAV is going."
Where NAV is going, he argued, is up, because "asset values are still below where they were before the pandemic, even though dry bulk and container earnings are above where they were."
Click for more FreightWaves/American Shipper articles by Greg Miller

MORE ON SHIPPING STOCKS: ***Shipping stocks are suddenly revving up across the board: see story here. Shipping's Wall Street saga: rags to riches to rags to occasional riches: see story here. Container rates are on fire. How can you invest in that? See story here.***

Source: https://www.freightwaves.com/news/what-new-boom-in-vessel-sales-means-to-shipping-stocks

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Just say ‘no’ to loss-making freight rates, says Frontline

‘Is it incorrect to drop your pants or price at every turn to wiggle out business that’s loss-making?’ asks interim chief executive Lars Barstaad

- 03 Mar 2021
- ANALYSIS
- 

Michelle Wiese Bockmann@Michellewb_ michelle.bockmann@informa.com

Tanker owners are accepting rates so low that they are in effect subsidising oil traders and producers to ship their crude on key routes

FRONTLINE'S LARS BARSTAAD ON-SCREEN IN THE CAPITAL LINK FORUM ON THE CRUDE MARKET.

OWNERS and operators of crude tankers have a duty “not to drop their pants or price” when offering on cargoes in the spot market, says Lars Barstaad, interim chief executive of Frontline.

Tanker owners are accepting rates so low that they are effectively subsidising oil traders and producers to ship their crude on key routes, especially on the largest very large crude carriers.

Time charter rates are negative on four of the 19 crude tanker routes assessed by the London-based Baltic Exchange, with only five at levels above operating expenses.

The protracted slump has worsened in 2021 as crude exports slump on oil production cuts, inventory drawdowns, and shrinking demand growth as countries maintain travel restrictions to control the coronavirus pandemic’s second and third waves.

“We as owners do have a duty to consider the fact that is it correct to be the 13th offer on a cargo?” Mr Barstaad asked the Capital Link forum on the crude market. “Is it incorrect to drop your pants or price at every turn to wiggle out business that’s loss-making?

“Maybe you don’t idle but you can say ‘no’. Our clients are not used enough to getting the word ‘no’. This (accepting loss-making freight rates) doesn’t make any sense at all, so we as owners have a collective duty.”

The sentiment is a turnaround for Frontline, owned by Norwegian-born shipowner John Fredriksen, which operates 18 VLCCs, 29 suezmax tankers and 20 aframaxes.

“We have a duty to say no when we are subsidising our customers,” said Hugo de Stoop, chief executive of Euronav, the largest listed crude tanker owner, with 75 tankers.

He said that idling tankers to remove supply and place a floor of depressed rates wasn’t an option because owners needed to keep vessels maintained and positioned in potentially lucrative regions in readiness for any market rebound.

“We don’t think it makes any long-term economic sense to be idle today,” he said.

Tor Olav Troim, the former chief executive of Frontline, infamously said that he’d sent crew fishing seven years ago and idled the company’s VLCCs to curb supply when rates were last seen at negative levels.

Instead, Mr de Stoop said, the best interim solution to low rates while the industry waited for the vaccine rollout to lift European and north American economies was to slow steam to reduce fuel expenses.

A 20% increase in crude prices in 2021 has seen a corresponding boost in bunker prices, which is largely responsible for the loss-making time charter rates seen so far this year.

It was the vaccine rollout, rather than any increase in supply from the Organisation of the Petroleum Exporting Countries, that would ultimately lead a meaningful recovery in rates, the panel concluded.

Opec plus its allied oil-producing countries meets on March 4 to consider increasing the supply of crude to the market.

Increased scrapping could also boost rates in the second half of 2021, Mr Barstaad said.

Tanker scrapping rates plunged to the lowest in 22 years in 2020, as elderly tonnage normally destined for demolition was purchased by anonymous buyers for deployment in US-sanctioned trading of Iranian and Venezuelan crude.

The challenge we have right now… is what I refer to as the dark web of oil," he said. "Sanctioned barrels are trading on ships that otherwise would have been sold for scrap recently.

"In these markets, 17- to 19-year-old VLCCs are being sold for north of $20m to undisclosed buyers and these ships move.

"That's where all these shapes are that would have been a part of the [scrapping] statistics had it not been for that."

The fate of these ships would end in one of two ways, he said: countries or government authorities would get involved or Europe and the US would agree a deal with Iran to ease or remove sanctions.

"It's painful right now," he said of the low scrapping rates and high number of elderly tankers in sanctioned trades. "Once this opportunity to make millions of dollars out of sanctioned barrels disappears then we'll see an accelerated amount of vessel heading for recycling."

Source: https://lloydslist.maritimeintelligence.informa.com/LL1136009/Just-say-no-to-lossmaking-freight-rates-says-Frontline

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Georgiopoulos unveils hopes for breakthrough emissions project

US-based owner, who has just clinched a comeback deal to acquire United Arab Chemical Carriers, says new venture is already testing the first device to measure carbon and sulphur emissions in real time

- 03 Mar 2021
- NEWS
- 

Nigel Lowry nigel@lowry.gr

New device has already been trialled on eight vessels and is expected to be on board 20 ships by the end of this month

GEORGIOPOULOS: HAS CO-FOUNDED LOW EMISSION MARITIME PARTNERS, WHICH HE CHAIRS.

SHIPOWNER Peter Georgiopoulos, who is completing a takeover of United Arab Chemical Tankers, has revealed a second channel in his comeback to the shipping industry.

The New York-based owner has co-founded Low Emission Maritime Partners, which he chairs, and is leading the development of a pioneering device to measure shipping emissions in real time.

Asked whether there was anything equivalent already available to the industry, Mr Georgiopoulos said: “Nothing we have seen, nothing like that.”

The new device, that has already been trialled on board eight vessels and is expected to be on board 20 ships by the end of this month, is “backward-looking” and “able to measure carbon and sulphur emissions in real time and provide real data”.

This was in contrast to present estimations of emissions that are “based on a formula”.

Mr Georgiopoulos was talking with Nicolas Bornozis in an online fireside chat opening the second day of the Capital Link International Shipping Forum and said that discussion of the new product may be “a little premature”.

However, with the expanded fleet testing the system, “hopefully we will have enough data to put out a white paper.”

In January, United Overseas Group, a vehicle controlled by Mr Georgiopoulos and longtime associate Leo Vrondissis, clinched a deal to acquire Dubai-based UACC, the owner and operator of 20 vessels.

“It took us a year to get it done,” he said. The deal was “very complex, which I think frightened many people away”.

The owner also disclosed that “over time the plan is to move the operation to Athens [from Dubai].” Greece-based Mr Vrondissis will “head up the business” from there.

“I am a believer in the chemicals and products market,” he said. “When we come out of Covid I think you will see more movement.”

The UACC fleet comprises nine IMO2/3 chemical tankers, two long range one and nine medium range tankers. Additionally, the company operates two vessels on bareboat charter.

The takeover has been structured as a reverse triangular merger, a first under the Dubai International Financial Centre legal framework.

The deal is being financed by asset manager EnTrust Global’s Blue Ocean Funds.

The new projects appear to end an uncharacteristically quiet spell in the shipping career of the Greek American owner, who has previously led four companies publicly listed in the US, including General Maritime, Genco Shipping & Trading and Gener8 Maritime.

The previous major acquisition by the owner came in 2015 when Gener8 acquired Navig8's very large crude carrier fleet.

But by 2017 Mr Georgiopoulos was out after Gener8 merged with Euronav. The previous year he had stepped down as chairman of Genco.

He said of the UACC acquisition: "This opportunity came along. It was a great company, with a great management team and some of the most impressive shareholders you can imagine."

Outside shipping, Mr Georgiopoulos and Mr Vrondissis have also emerged as investors in a huge project to build a methanol plant in Louisiana on the US Gulf.

Source: https://lloydslist.maritimeintelligence.informa.com/LL1136011/Georgiopoulos-unveils-hopes-for-breakthrough-emissions-project

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Dry bulk sector wants charterers to share decarbonisation costs

Speaking on a Capital Link panel, bulker owners said the costs of decarbonisation should be shared with charterers

- 03 Mar 2021
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- 

Nidaa Bakhsh@LloydsListNidaa nidaa.bakhsh@informa.com

After a decade of challenging markets, extra capital needed to invest in new ships or new technologies was limited and sharing the costs would help, attendees of virtual event told

WHETHER SHIPS OF THE FUTURE RUN ON AMMONIA OR HYDROGEN, OWNERS HOPE CHARTERERS WILL PAY A PREMIUM TOWARDS GREEN FUELS.

BULKER owners want charterers to pay their fair share of the additional costs associated with decarbonising the industry.

Speaking on a virtual Capital Link event, Grindrod Shipping chief executive Martyn Wade said that owners were expected to pay for this, but the markets had been challenging over the last 10 years, and charterers “have to pay in too”.

Seanergy’s chief executive Stamatis Tsantanis agreed, saying that the extra capital needed to invest in new ships or new technologies was “very limited” and sharing the costs would help.

The green initiative would be led by large mining companies, which had already placed orders for dual-fuelled liquefied natural gas bulkers, said Genco’s chief executive John Wobensmith.

Whether ships of the future would be powered by ammonia or hydrogen, there would still be vessels using conventional fuels, and the executive questioned whether charterers would pay the premium for the green fuel. A carbon tax may be the answer.

Golden Ocean chief executive Ulrik Andersen said that traders and charterers were already tied into cutting emissions through the financing side. In future, end-users would pay one cent more for whichever commodity they buy.

Emissions would become more important than price in shipping, and companies would be judged by their decarbonisation strategies.

“We believe we can go green and stay in the black,” Mr Andersen said.

The environmental regulations had created a supply-side squeeze, Mr Tsantanis said, with low ordering. Slow-steaming will continue.

The stars were aligning in the dry bulk market, said the Golden Ocean executive, who was optimistic for an “amazing” first quarter, but even more bullish about 2022, as higher iron ore volumes were expected out of Brazil. The company mostly has capesizes in its fleet.

Minor bulks were also driving up rates, with steel cargoes particularly solid, said Mr Wade.

Braemar ACM said in a note that steel shipments saw their highest monthly total since March 2017, with 9.8m tonnes exported globally in February, a 44% increase year-on-year.

Grains and infrastructure-related commodities such as cement and petroleum coke have also been strong, helping the smaller-sized vessels.

All owners on the panel said that crew changes had added to costs due to deviations.

Seanergy, which still has one capesize stuck in Chinese anchorage with Australian coal, has spent months trying to negotiate a workaround.

"It is disappointing when charterers do not want to share the costs," Mr Tsantanis said, adding that at a charter rate of $25,000 per day, the costs can be absorbed, but when they drop to $15,000 per day or below, that gets more difficult.

Mr Andersen said Golden Ocean was seeing some easing in restrictions. One of his vessels managed to berth in China this week.

Grindrod, whose handysizes and supramaxes trade short-haul routes, has faced a "nightmare" to plan on a daily basis, according to Mr Wade.

While Singapore has been "brilliant," other ports might change rules suddenly and "you get caught out".

Source: https://lloydslist.maritimeintelligence.informa.com/LL1135988/Dry-bulk-sector-wants-charterers-to-share-decarbonisation-costs

Top

Charterers attacked as no crew-change clauses compound seafarer crisis

Despite high-profile declarations, commodities traders chartering tankers and drybulk vessels still 'have to get act together', amid rising shipowner resentment and looming introduction of vaccine passports

- 03 Mar 2021
- ANALYSIS
- 

Michelle Wiese Bockmann@Michellewb_ michelle.bockmann@informa.com

'When the market is against the owner and you are bleeding, they kneel on your neck… and they impose things that are inhuman,' says Safe Bulkers chief

SPEAKERS AT THE CAPITAL LINK SHIPPING FORUM.

CHARTERERS of vessels have found increasingly sophisticated ways to avoid crew changes and compound misery for hundreds of thousands of seafarers stuck at sea by the pandemic.

Seafarer unions, United Nations organisations and the shipowners' global trade association concede that despite best efforts, the application of 'no-crew change' and 'no-deviation' clauses in spot charterparties remains widespread.

"When the market is against the owner and you are bleeding, they kneel on your neck… and they impose things that are inhuman," said Polys Hajioannou, chief executive of Safe Bulkers, operator of 42 vessels.

The pending introduction of vaccine passports and charterers' refusal to allow crew changes are the biggest threats facing the world's 1.5m seafarers, the Capital Link shipping forum heard on March 2.

Around 40% are stranded on vessels with expired contracts or waiting to board and replace them.

"Things have changed over the last few months but there's still a long way to go," International Chamber of Shipping secretary general Guy Platten said, adding that charterers "have to get their act together."

Unidentified oil majors and multi-national organisations that hire tankers to move energy commodities or bulk carriers to transport grains, ores and coal must be identified and targeted, said Stephen Cotton, International Transport Workers Federation secretary general.

"The oil majors are much more sophisticated, and they've come up with new ways of avoiding the responsibility (of crew changes) and that we can deal with," he told the forum.

"We have to go to the top of the chain to these multi-nationals and talk about their due diligence programmes, their reputational risk and put a spotlight on it – if we can prove it, we will."

The actual situation at sea contrasts with declarations made by top commodities traders including Shell, BP, Vitol, Trafigura, Rio Tinto, Vale, Glencore and Cargill.

They are among the 300 signatories to the Neptune Declaration on Seafarer Wellbeing that pledges to support crew changes.

Absent from the Global Maritime Forum initiative launched on January 26 are many of the Middle East, Chinese and other Asia-based charterers that comprise significant volumes of crude and refined product trades.

The ICS is meeting with an undisclosed group of charterers on March 4 “to try and get them to face up to their responsibilities”, according to Mr Platten.

“It’s the only part of the industry which hasn’t been represented (in the crew change crisis debate)-- shipmanagers and shipowners and others have – but they’re lacking… they’re on the wrong side of history now.”

The ICS had not responded to requests for further information about the meeting at the time of publication.

Charterers on the spot market won’t select ships for single voyages if they require crew changes, or if seafarers aboard have expired certificates, said Frederick Kenny, the IMO’s legal and external affairs director.

Mr Kenny gave advance details about another initiative under way to tackle charterers non-compliance.

The United Nations Global Compact, along with the IMO, International Labor Organisation and UN Commission on Human Rights will attempt to tackle non-compliance by targeting investor sensitivity to Environmental, Social and Corporate Governance (ESG).

Their work “will be providing a human rights due diligence tool for the industry that specifically addresses these issues that companies, particularly charterers, need to be looking at before they’re making contracts to see whether as a matter of corporate social responsibility living up for their humanitarian responsibilities,” Mr Kenny said.

Governments considering vaccine passports pose fresh difficulties as owners begin to repeat last year’s convoluted and expensive process to replace the first batch of crew as a new wave of contracts expire.

“We’re already starting to see reports of some ports that are going to be requiring people to be vaccinated in their ports, and this is an ominous development if we don’t have a plan in place to get seafarers vaccinated,” said Mr Kenny.

Complicating any seafarer rollout is the COVAX alliance position that only governments can secure vaccines, said Mr Cotton.

The Gavi COVAX alliance, working with the World Health Organisation, the World Bank, Unicef and the Bill and Melinda Gates Foundation, procures vaccines for developing countries where many the world’s seafarers are from.

Lobbying is now underway to establish crew change and vaccine hubs with supportive governments. Cyprus and Singapore were singled out at the forum.

Of the 192 member countries in the IMO, 56 have designated seafarers as key workers, which should prioritise vaccine access.

“A vast proportion of our workforce comes from developing nations whose access to vaccines is going to be limited,” Mr Platten said.

“I think we have a very strong case to be able to procure vaccine on behalf of our seafarers and for the industry to make sure that the resilience of the supply chain continues.”

The European Commission will consider a proposal for digital vaccine passport this month as a very to avoid quarantine restrictions.

Source: https://lloydslist.maritimeintelligence.informa.com/LL1136005/Charterers-attacked-as-no-crew-change-clauses-compound-seafarer-crisis

Top

ABN AMRO shipping head downplays ships as ‘stranded assets’

With new environmental requirements and expectations, as well as the anticipation of low-carbon technologies and fuels, there is concern from some corners that new ships will be rendered obsolete after a few years

- 03 Mar 2021
- NEWS
- 

Anastassios Adamopoulos@Anastassios_LL Anastassios.Adamopoulos@informa.com

ABM AMRO’s Joep Gorgels does not expect to see ships becoming stranded assets for ‘many, many years’ as they will be needed to power global trade

GORGELS: THE INDUSTRY IS UNDERESTIMATING THE POTENTIAL ENERGY SAVING FROM RETROFITS IN THE EXISTING FLEET.

SHIPS are not in danger of becoming stranded assets for years to come, according to the shipping head of ABN AMRO.

Joep Gorgels, the Dutch bank's global head of transportation and logistics, said he does not expect to see the much-debated prospect of essentially useless ships- at least for some time.

The notion of ships potentially becoming “stranded assets” has gained traction in recent years. The concern is that current and new vessels will become marginalised and outdated in a few years’ time by a market driven by environmental considerations and new regulations.

Shipowners have also been holding back from ordering new ships in anticipation of upcoming decarbonisation requirements as well as in hope of low-carbon technologies emerging soon that could prevent new ships from becoming redundant before their expiration date.

But Mr Gorgels believes for the next years global demand will absorb vessels.

“I don’t want to mention the risk of having stranded assets. I don’t believe in that for the next many, many years because the ships... are just needed to fulfill a trade we all want, right?” he said during a Capital Link International Shipping Forum event.

His comments came during a conversation on the role smaller shipping companies can have in the energy transition of the next decade.

Mr Gorgels said he sees a role for these companies, citing as example small firms that experiment with innovative fuels and ship designs that could help develop new industry wide standards.

He also said that although much of the focus is on delivering newer, greener ships, the industry is underestimating the potential energy saving from retrofits in the existing fleet.

Mr Gorgels also foresees longer and higher-paying charter contracts for shipping companies as customers are under greater pressure to utilise greener assets and will thus be spending more on those vessels.

Source: https://lloydslist.maritimeintelligence.informa.com/LL1136008/ABN-AMRO-shipping-head-downplays-ships-as-stranded-assets

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GasLog Partners chief executive Paul Wogan believes the company has a future as an independent company.Photo: Lucy Hine

Paul Wogan talks up GasLog Partners as spot market player

The GasLog-BlackRock deal was not discussed during Capital Link's LNG panel

3 March 2021 9:49 GMT *UPDATED 3 March 2021 10:49 GMT*
By **Matt Coyne**

in **Stamford**
The growth of the LNG spot market seems to have convinced GasLog Partners to give it a go as an independent company.

The number of spot deals for LNG carriers jumped 50% last year as production was shut in due to the Covid-19 pandemic, GasLog Partners chief executive Paul Wogan said.

Speaking during the LNG panel at Capital Link's annual International Shipping Forum on Tuesday, he said he expected that trend to continue, bolstering his company's intention to focus on spot fixtures after BlackRock's recent acquisition of GasLog.

"We're going to [deleverage] as fast as we can, bring down the break-evens of our vessels," Wogan said.

"We think the growth in the spot market we've seen will continue.

"We feel with the size of the fleet we have at GasLog Partners, we can be a major player in the spot market.

"For us, we see the future very much as an independent standalone company."

On 22 February, BlackRock's Global Energy & Power Infrastructure team announced it was taking GasLog private at $5.80 per share.

That same day, Wogan — who serves as chief executive of both GasLog and spin-off GasLog Partners — refused to discuss the buyout. But he did talk up GasLog Partners' prospects as an independent company, saying it was looking to add to its fleet through consolidation and secondhand ships.

Then, he said 20% of all LNG cargoes were moved on spot charters last year.

On Tuesday's panel, the GasLog-BlackRock deal was not discussed.

Wogan said steamships, of which GasLog Partners has five, would still be part of the LNG trade as they make up 234 of the 521-strong gas carrier fleet, despite the growing need to cut emissions.

"I don't think you can get rid of the steamships in the space of time that people are suggesting," he said. "If they do, the market will go crazy."

Wogan said three of them were on charters for a "niche business" where they will do storage and transportation.

"That niche market stays for a little while," he said.

Source: https://www.tradewindsnews.com/gas/paul-wogan-talks-up-gaslog-partners-as-spot-market-player/2-1-973153

Top

Veteran shipowner Peter Georgiopoulos revealed Wednesday that he and partner Leo Vrondissis are working on technology that would allow real-time reporting of vessel emissions data.Photo: TradeWinds Events

Georgiopoulos pushing real-time solution for emissions tracking

Veteran shipowner reveals what he calls a novel product in vessel carbon reporting

3 March 2021 15:10 GMT *UPDATED 3 March 2021 15:43 GMT*
By **Joe Brady**

in **Stamford**
Veteran shipowner Peter Georgiopoulos is working on what he says would be the first product to deliver real-time reporting of vessel sulphur and carbon emissions.

Georgiopoulos disclosed his work on the technology during an interview on Wednesday at the Capital Link International Shipping Forum, being held online this year due to Covid-19 restrictions.

While Georgiopoulos told Capital Link founder Nicolas Bornozis that discussion of the technology is "a little premature", he said equipment had been fitted on eight vessels for trials and more would be known soon.

"It started a few years ago as we realised there was no way to measure either sulphur emissions or carbon emissions in real time," Georgiopoulos said.

"What a company talks about when it reports carbon emissions is a formula, and it's backward-looking not forward-looking. We've developed a device that can measure emissions in real time. When a ship comes into an eco zone, for example, it can tell you that a switch has been made to low-sulphur emissions."

Georgiopoulos said the units will be placed on 20 vessels by the end of the month.

"At that point, it will give us enough data to put out a white paper," he said.

Georgiopoulos' comments are yet another indication that he and business partner Leo Vrondissis have been busy since they left the former Gener8 Maritime in June 2018, following its acquisition by Belgian tanker owner Euronav.

As TradeWinds first reported in January, the partners first swooped on Dubai-based United Arab Chemical Carriers (UACC)'s 22 tanker fleet for an undisclosed price. Weeks later, it emerged that the duo were the lead investors in a proposed US Gulf methanol plant that would be the world's largest.

The new emissions technology adds a third prong to the Georgiopoulos-Vrondissis team's entrepreneurial portfolio. It has been under development with the help of scientists in the US and UK, Georgiopoulos said.

The veteran shipowner's comments on Wednesday on the UACC acquisition hewed very closely to remarks he made exclusively to TradeWinds in January.

The man who has led five US-listed companies repeated that he prefers to keep UACC a private venture, but also conceded that it is probably his only option.

"At this point in my life, I'm not that interested in being part of a public company," he said. "I don't think I could take a company public today. That window is closed for the time being."

The former investment banker did add that plans are for Dubai-based UACC to transition to new headquarters in Athens, where the office will be led by Vrondissis.

Source: https://www.tradewindsnews.com/finance/georgiopoulos-pushing-real-time-solution-for-emissions-tracking/2-1-973919

Top

Is dry bulk shipping's strange Q1 a sign of strength to come?

Small bulkers earning almost double large bulkers that carry five times the cargo

Greg Miller, Senior Editor Follow on TwitterTuesday, March 2, 2021

Smaller bulk ships are outperforming (Photo: Shutterstock)

It has been a particularly strange Q1 for dry bulk shipping. Usually, the larger ships — Capesizes with capacities of around 180,000 deadweight tons (DWT) that carry iron ore and coal — do poorly all quarter. This year, they did better in January than they had in a decade before succumbing to their usual slump.

Then came another oddity: The smaller bulkers began earning much more money than the Capesizes. As of Tuesday, Handysize bulkers (up to 35,000 DWT) were earning $19,400 per day, according to Clarksons Platou Securities. That's almost double the $11,700-per-day rate of Capesizes — even though Capesizes carry five times the cargo.

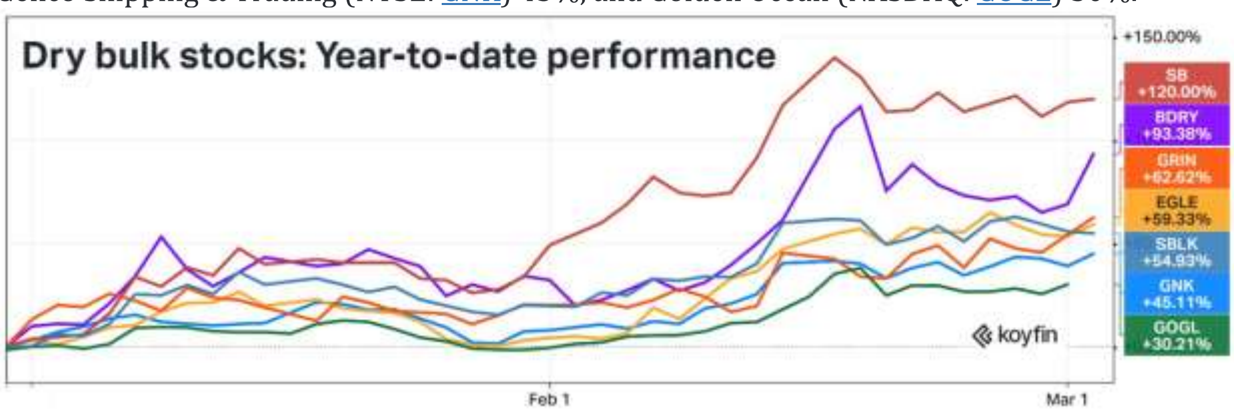
Supramaxes (45,000-60,000 DWT) and Panamaxes (65,000-90,000 DWT) are also trumping Capes, at $20,700 and $18,800 per day, respectively.

This curious market inversion recently led to a Capesize being booked for a grain cargo, something "that rarely happens, if ever," noted Breakwave Advisors.

The bullish view on all of this strangeness is that Capesizes did so well early in the quarter because the supply-demand balance is tight. They'll rev back up again soon when seasonal headwinds wane. As for smaller bulkers, they're a bellwether of global GDP — the shipping version of "Doctor Copper." High rates signal a global economic resurgence, say optimists.

At least some investors agree. Dry bulk stocks have been on a roll in early 2021.

On Tuesday, [the Breakwave Dry Bulk Shipping ETF](NYSE: [BDRY]) jumped 14%. It is up 93% year-to-date. The stock of Safe Bulkers (NYSE: [SB]) is up 120% year to date. Grindrod Shipping (NASDAQ: [GRIN]) is up 63%, Eagle Bulk (NASDAQ: [EGLE]) 59%, Star Bulk (NASDAQ: [SBLK]) 55%, Genco Shipping & Trading (NYSE: [GNK]) 45%, and Golden Ocean (NASDAQ: [GOGL]) 30%.



(Chart: Koyfin)

'Day in the sun' for smaller bulkers

"The Handys, which have been unloved for so long, are finally having their day in the sun," affirmed Martyn Wade, CEO of Grindrod Shipping, which owns a fleet of Handysizes and Supramaxes. Wade was speaking at the Annual Capital Link Shipping Forum on Tuesday.

"The last time January finished stronger than December was actually in 2008," Wade added. "You have to go back to the good old days of the last big market. We were looking at some of the voyage rates today and they are within a few bucks of their all-time highs."

Sub-Capesize vessels carry grains and so-called "minor bulks" (bulk cargoes excluding iron ore, coal and grains). John Wobensmith, CEO of Genco Shipping & Trading, which owns a fleet of Capesizes and Supramaxes, asked the Capital Link forum, "When was the last time we've seen both a strong Atlantic Basin but also a strong Pacific Basin? That is what's really driving the minor-bulk market."

Wobensmith continued, "It's a lot of fun to talk about all the grain. And don't get me wrong: That's definitely driving a lot of the spot market. But we're also seeing a lot of cement, a lot of petcoke, [cargo] that is infrastructure-related."

According to Wade, "Last month, between eight and 10 Ultramaxes [bulkers with capacity of 60,000-65,000 DWT] of steel went from South Korea to the U.S. and a half a dozen went to the Med and the Continent. There's a lot going on. And it's long-haul. And I don't want to jinx it, but it's very, very exciting times."

Return of the Capes?

Cape rates topped $26,000 per day in mid-January before retreating all the way back to $10,300 per day in mid-February. On Wednesday, current Capesize rates jumped 14.5% to $13,900 per day, closing the gap with smaller bulkers.

"We're in a little bit of a seasonal soft period," said Wobensmith of the Capesize market. "We're just coming out of the rainy season in Brazil. There's [mining] maintenance. Vale [NYSE: VALE] in particular is still ramping up on the logistics side. My personal view is that when we get to the end of March and early April, we should start to see that seasonal upturn."

Breakwave Advisors said in a new report, “Capesize rates have lagged and that is not surprising. Capesize fundamentals highly depend on iron ore that naturally exhibits the most seasonality of any other segment in dry bulk.

“As we enter March and miners begin to look for April loadings — most of the global chartering for Capesizes happens one month in advance — a tighter Capesize market is about to emerge,” predicted Breakwave. “With Panamax and Supramax rates providing significant psychological support to the overall market, the odds of another leg up for Capesize rates are looking quite good.”

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