HARTLAND
SHIPPING SERVICES

07 March 2025

WEEKLY COMMENTARY

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… A metaphor? Closed at $263.45 yesterday …

Source : Statista

*The minerals deal is symbolic. With huge investment needed, it will be many years before any payback. Tough geology, wrong location, no refining capacity.

Which is why Trump continues to taunt Canada and Greenland for their rare earth resources. Closer to home with processing and refining in North America.

**This fixation has replaced his usual fascination with the stock market and his determination to bring down inflation which he entirely blamed on Biden.

^Trump lifted the ban on supplying Israel 2,000-pound MK-84 bunker busting bombs. He is now threatening Hamas should they not release all the hostages.

^^When in trouble, Putin goes to war. Chechnya in the run-up to the 2000 election. Georgia in 2008, Crimea in 2014, Ukraine in 2022.

+For another view, try Con Coughlin in The Telegraph: "Don't be fooled, Putin is weak and desperate for peace." He is relying upon Trump to end the war…

POINTS OF VIEW

No sooner had last week's POV gone to print than we witnessed the ritual dressing down of Zelensky in the Oval Room at the hands of Trump and Vance, an unedifying spectacle. At issue was Zelensky's refusal to capitulate to Russia territorially on the one hand and to the US commercially on the other.* This involved loss of face. Trump is going after the Nobel Peace Prize and does not want anyone or anything to get in his way.** How he might get awarded the prize by siding with the architects of war remains a mystery. Ukraine and Europe are standing in the way of a quick peace, so they have been thrown under the bus. The London Summit was hastily convened for Sunday as Europe woke up to the reality that it is most likely on its own and that Article 5 solidarity may be a thing of the past. Shortly afterwards, the US paused all military assistance to Ukraine and warned the UK to cease intelligence sharing with it. Tariffs against Canada, Mexico and China came back into play, before those on the first two were reversed yet again, as did retaliatory measures. Europe seeks to tighten sanctions on Russia, but has shown no aptitude for this to date, while the US aims to weaken them in collusion with the Russians in pursuit of a deal. Million dollar plus fines against Chinese-associated ships calling US ports are under review, further complicating the ever-changing regulatory backdrop. People are beginning to take US threats seriously. For example, CK Hutchison has agreed to sell its interest in ports at either end of the Panama Canal to BlackRock and MSC for $22.8bn as part of a much larger package. This happened in double quick time.

We cannot easily quantify the possible impacts on shipping and trade from Trump's stop-start-maybe policies, but there is one area where we have seen perverse but beneficial results for seaborne ton-mile trade: wars. If the Black Sea safely reopens, and if Russian sanctions are removed, then trade flows will adjust. If the Suez, Red Sea and Bab al-Mandeb return to being safe passages then significant ton-mile kickers will be lost, especially for containerships and car carriers. So, how likely are these wars to end? Not so much, regrettably. We have ceasefires in Lebanon and Gaza but active IDF operations in the West Bank, creating a tinderbox situation. For Israel, not much has changed. It has degraded its enemies (the 3Hs, militias, etc.) but is still surrounded by them and their puppet master in Tehran. Hamas will not lay down arms until an independent Palestinian state is established, which Israel opposes. Netanyahu, whose political survival depends upon war, is hard-wired to defeating them and it is a question of not if, but when, ceasefires are broken.^ More focus is on the other war in Ukraine. Pressure is on Zelensky to end it on terms that award the aggressor, and yet there is no such pressure being applied on Putin who is using Trump to further a Russian agenda. Putin's imperialist ambitions may well extend beyond Ukraine, a fact that is being overlooked by the current US administration.^^

Melissa Lawford, headlining in The Telegraph: "Trump is being played by Putin – Russia will never accept a peace deal." She contends that Russia's economy is creaking under the weight of war, wracked by labour shortages, sanctions, high inflation and record interest rates. But equally, the conflict is its only remaining engine of growth. Nationalist anti-Western propaganda has also become the basis of Putin's power. Simon Johnson, of MIT, writes: "Putin does not want peace and he's not going to settle ... Trump wants a quick victory. He wants a triumph and a show, and Putin is going to play him along." Russia is hooked on military spending. In 2019, Russia spend 5tn roubles on defence. This year, in nominal terms, it will be 17tn roubles, 41% of all government spending. Real GDP rose by 3.6% in 2024, according to the IMF, while real wages rose by 9.4%, according to the Kremlin. But only one business is booming: war. The war effort is sucking investment and manpower away from the non-military sector, leaving the private sector to shrivel. If they ever come to unwinding the war economy, there won't be the civilian economy to take up the slack. Rather than prepare for peace, the Kremlin is doubling down on its war machine. Inflation averaged 12% in Q4 while interest rates are at a post-Soviet high of 21%. For their own reasons, Putin and Netanyahu seems committed to war despite the best efforts of outsiders calling for an end to the death and destruction. Trump is encouraging both in his "peace through strength" initiative. Meanwhile, shipping is an unwitting beneficiary of disruption as it reduces effective tonnage supply. A mess.

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Dry Cargo Chartering

Amongst a tricky landscape to assess and a mixed week all round, the **BDI** finished stronger closing at 1,400, a rise of 171 points since we last published this report.

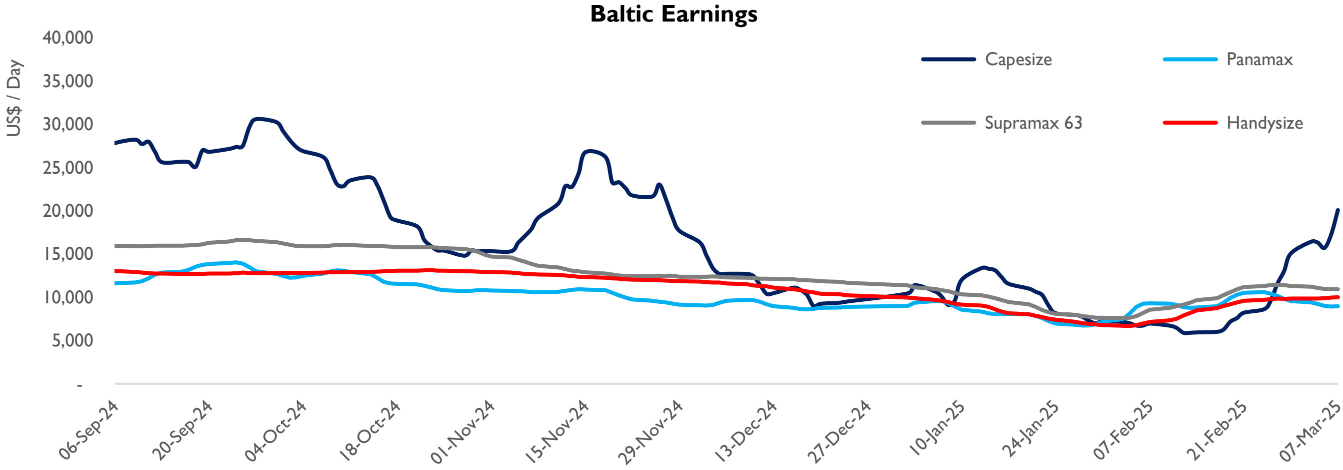
The **Capesize** market could stake a claim to being the headline act for the second week running. The BCI closed on $20,084, an increase of $5,010 or 33% in the last seven days, despite a mid-week dip. Iron ore fixtures were concluded in healthy numbers, mainly in the Australian market, though there was some Bauxite from West Africa too. This has helped to propel rates to a three-month high, with eco, fuel-efficient Capesize rates now commanding over $22,000 per day.

After last week's plateau, the **Panamaxes** had a flat week, with the BPI down $618 to $8,951. The Atlantic in particular remained flat and a two-tiered market seemed to be developing, with US business commanding a premium over non-US trades due to the ongoing tariff concerns. The tonnage oversupply issues continue to hamper this sector.

The **Supramax** sector experienced a stable if underwhelming week with both the Atlantic and Asian regions showing little momentum, whilst the BSI closed at $10,293. The US Gulf and the South Atlantic remained flat while the Continent-Mediterranean region was lacking new inquiries, although perhaps more of them appeared than elsewhere. The recent new currency policy from the Indonesian government have put many cargoes on hold, meanwhile the offshore Indo-coal price reached a level that became less competitive compared to the Chinese domestic coal. The Indian Ocean saw more activities from the South with rates improving and higher numbers of fixtures concluded.

The **BHSI** closed today at $10,003 up $159 since last Friday. This week, sentiment remained generally weak in the Continent-Mediterranean regions, as rates drifted slightly below previous levels. Scrap was fixed at mid 9,000's to Turkey on a 33,000-dwt. A 37,000-dwt fixed for delivery in Otranto, with redelivery to the North Coast of South America at $7,000. The US Gulf market remained subdued, showing signs of weakening. A 37,000-dwt was fixed for delivery in the Dominican Republic with redelivery to the US East Coast at $8,500. In the South Atlantic, limited new inquiries for prompt vessels exerted downward pressure on bids. A 38,000-dwt, open in Itaquai fixed for delivery in Recalada and redelivery to South Africa at $14,000. In the Pacific Handysize market, the market remained active with a general positive consensus. There was a slight tightening of prompt tonnage availability and a stronger supply-demand balance. Consequently, fixing rates, more evidently in Southeast Asia, were recorded higher than previous levels. The Far East market, however, remained largely unchanged, with rates holding steady.

Baltic Earnings



Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate ($)	Charterers	Comment
Pablo	92,655	2011	Longkou	4/6 Mar	SE Asia	$7,750	Contango	Via EC Australia
The Harmony	82,986	2013	Zhoushan	14/19 Mar	Vietnam	$10,500	Cnr	Via EC Australia
Broad Forward	77,171	2006	Gibraltar	6 Mar	China	$13,750	Refined Success	Via NC South America
Ripley Pinnacle	76,838	2005	EC South America	17 Mar	Arabian Gulf	$12,500	Al Ghurair	$250,000 ballast bonus
Blue Horizon	76,619	2005	CJK	8/10 Mar	Singapore-Japan	$10,500	Olam Intl	Via NoPac
Spike	64,046	2024	Port Elizabeth	Ppt	China	$15,500	Drydel	$155,000 ballast bonus
Bulk Venus	63,371	2017	Mizushima	Ppt	China	$12,500	Canpotex	Via NoPac
Trans Autumn	56,838	2012	Singapore	8 Mar	China	$10,000	Cnr	Via Indonesia
Pacific Calm	38,123	2013	Recalada	Ppt	South Africa	$14,000	Cnr	-
Cetus Tiger	37,059	2012	Otranto	7/10 Mar	NC South America	$7,000	Cnr	-

Exchange Rates		This week	Last week
	1 USD	147.52 JPY	150.56 JPY
	1 USD	0.9213 EUR	0.9604 EUR
Brent Oil Price		**This week**	**Last week**
	US$/barrel	71.36	73.08

Bunker Prices (US$/tonne)	This week	Last week
Singapore HSFO	489.0	497.5
VLSFO	511.0	541.5
Rotterdam HSFO	442.0	446.5
VLSFO	495.0	509.5

Dry Bulk S&P

We can advise this week that we have had no enquiries from clients for berth availability at Newport News nor for any other random US shipyard who haven't built commercially viable tonnage since the Liberty ships.

It's often said that shipping thrives on disruption, but it is unclear who is befitting from the wild oscillations in trade policy coming out of the USA. Operators, owners and charterers are understandably wary of what ever policy may be applicable next month, no matter how severely disruptive it sounds today. This unstable environment may lead to enhanced earnings for certain tonnage, but rest assured that a heightened cost to US trade will ultimately end up hitting the average Joe's pocketbook. And wearing a MAGA hat is not going to protect them.

For the moment investment decisions seem to be less affected by the US's pointless tilt at the Chinese shipbuilding industry and more by the death of the Free Trade era generally.

A rise in spot Capesize earnings seems to have helped a few sales over the line but elsewhere a flat freight market is not helping to drive the market forward. However, there is a bit of tightening in certain areas of the market. There is a dearth of eco, geared, tonnage for sale that is enabling sellers to be a little more robust.

The resale Japanese Handysize *Seastar Merlin* (39,795-dwt, delivery May 2025 Naikai) is sold somewhere in the region of $32m. The owners of *Cielo Di Maronti* (37,133-dwt, 2017 Minami Nippon) were rewarded for their patience and achieved their target $20.5m.

The Chinese built Ultramax *Kmarin Oslo* (63,099-dwt, 2015 Hantong) is reported sold for $22m with surveys passed, probably a half-notch above last done. Likewise, a better than last price was paid for *Federal Lyra* (55,725-dwt, 2014 Mitsui). We understand the price was in the region of $18m but it is unlikely that the Indonesian buyers were motivated to pay a premium solely for her ice class.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
Mount Song	180,242	2010	Koyo	-		$27.5m	Surveys due
Kmarin Oslo	63,099	2015	Hantong	C 4 x 36T		$22.0m	Surveys freshly passed
Hokuetsu Ibis	60,527	2008	Oshima	C 3x15T		$14.8m	Woodchip Carrier
Federal Lyra	55,725	2014	Mitsui	C 4 x 30T		$18.0m	
Seastar Merlin	39,795	2025	Naikai Zosen Setoda	C 4x30T		$32m	May-25 delivery
Cielo Dei Maronti	37,133	2017	Minaminippon	C 4 x 30T		$20.5m	OHBS, DD due
Seastar Explorer	34,569	2012	Shanghaiguan	C 4 x 30T		$9.8m	IWS passed
Achilles Bulker	32,729	2003	Kanda	C 4 x 30T		$6.6m	

Tanker Commentary

After a surge in demand for Aframax tankers over the last few weeks, more sales have come to light, albeit at prices lower than last done. London based Zodiac Maritime are reported to have sold *Capricorn Sun* (115,577-dwt, 2007 Sasebo) & *Run Sun* (115,325-dwt, 2008 Sasebo) enbloc to WYM Marine for $60m. This is a step-down from last done *Nemo* (105,773-dwt, 2008 Tsuneishi) which sold for $37m. Another brace of vintage Aframaxes, *Quetta* & *Lahore* (107,000-dwt, 2003 Imabari) are sold at $36.25m enbloc.

In the MR2 segment, Greek buyers have bought *Nord Swift* (49,579-dwt, 2015 STX - SS/DD: 06/25) which is scrubber fitted, for a price of $33.25m, setting a fresh benchmark for Eco MR2 tankers this year. The last eco MR2 tanker sold during October 2024 was the two-year older *Doric Pioneer* (51,565-dwt, 2013 Hyundai) at $35m which did not have a scrubber installed.

Listed Danish owners Torm have continued to sell out their older product tankers. This time three 2005 MR2s for $15m a piece, all with upcoming surveys. The last done from same owners, *Torm Helvig* (46,081-dwt, 2005 STX) was sold for low $18m with surveys due in December 2024. Another fresh benchmark set this year at levels lower than last done.

Finally, vintage J19, *Saehan Intrasia* (19,870-dwt, 2005 Fukuoka - StSt) has sold for $15m. Last comparable sale here is *Marmotas* (19,953-dwt, 2005 Usuki - StSt) sold for $15.7m in mid-December 2024.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
Capricorn Sun	115,577	2007	Sasebo	WYM Marine	$60.0m	Surveys due, En bloc
Red Sun	115,325	2008	Sasebo			En bloc
Quetta	107,215	2003	Imabari		$36.25m	En bloc
Lahore	107,018					
Nord Swift	49,579	2015	STX	Greek	$33.25m	
Torm Resilience	51,218	2005	STX		$15.0m	Scrubber fitted, Surveys due
Torm Thames	47,036	2005	HMD		$15.0m	Surveys due
Torm Ragnhild	46,187	2005	STX		$15.0m	Surveys due
Saehan Intrasia	19,870	2005	Fukuoka		$15.0m	Stainless Steel

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