16 May 2025

HARTLAND

SHIPPING SERVICES

WEEKLY COMMENTARY

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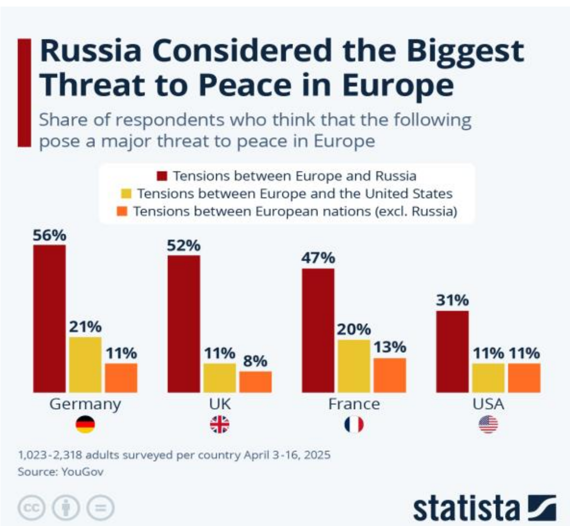
…Where and when will Putin stop ? …



Source : Statista

POINTS OF VIEW

It is getting hard to keep up with the stream of executive orders emanating from the White House, neatly sidestepping Congress, as well as the flurry of deals, non-deals, ceasefires and non-ceasefires. It is becoming increasingly apparent that the America First agenda is linked at the hip to a Trump First priority creating obvious conflicts of interest. Let's dig a bit deeper. The Trump Organization has had a chequered history with six bankruptcies, serial loan defaults and an historic collapse in western banking support. This begs the question of how Trump managed to refinance his highly leveraged business. Some ideas are posed by David Enrich in the NYT "The Money Behind Trump's Money" (04/02/2020) and in his book "Dark Towers" (18/02/2020). Is it just speculation, as nothing is proven? One question is the role of Russia, if any, given that the constrained Mueller enquiry found no evidence of collusion. Another is why Trump is relentlessly milking his status to enrich his family. Forbes, in "How Truth Social and Crypto helped Trump double his fortune in just one year" (31/03/2025) puts his estimated net worth going from $2.3bn to $5.1bn. An enduring mystery is whether these two endeavours are linked and explain why Trump appears so beholden to Putin? The recent string of 'deals' may not be quite what they seem. The US-UK one, announced grandly on VE Day, is no more than a framework that needs months or years to complete. As usual, it is all about the optics. Last weekend, after two days of Sino-US trade talks in Geneva a 'deal' was struck, as outlined on Monday. It involves a headline 90-day 115% reduction in bilateral tariffs. US imports of Chinese goods drop to a 30% tax, including a 20% fentanyl surcharge. China's imports of US goods will pay just 10%, a win for China.

It runs a gigantic trade surplus with America and can easily cope with a 10% tax on its US imports, whereas the US will struggle with a 30% tax on its vast Chinese imports, which is potentially inflationary.* Besides, as China has pointed out, the US has a fentanyl demand problem, and where there is demand supply will follow. There are other mirages. US calls for a ceasefire in Gaza are being ignored by Israel and Trump knows why. He needed to win a second term, and Netanyahu needs to keep on fighting, to avoid jail time. Trump is miffed and did not visit Israel on this week's bling trip to KSA, UAE and Qatar. He called the Houthis "brave" and is negotiating directly with them, with Hamas, and with Iran – all bypassing Israel. This punishes Netanyahu not kissing the ring and for frustrating Trump's obsessive and vain pursuit of a Nobel peace prize. It also extends to Ukraine. On Saturday France, Poland, Germany and the UK had US backing in demanding Russia's agreement to a 30-day ceasefire from midnight Monday, allowing time for diplomacy. This proposal lacked Brussels and EU-27 backing and could be vetoed by Orban of Hungary, Putin's ally. Putin countered with a proposed direct meeting between Russia and Ukraine on Thursday in Istanbul, but no halting of the guns. Trump, despite the previous day's agreement, insisted Zelensky "make it happen now". He agreed but doubted that Putin would show up.** He was right. Putin snubbed Erdogan, Zelensky and Trump.

Trump's inconsistency extends to the conflict on the subcontinent.^ Indian and Pakistani military agreed on a ceasefire but before Modi could announce it Trump put it out on Truth Social as US-brokered. This caused jubilation in Islamabad and dismay in New Delhi. India demands Pakistan's complete capitulation; Pakistan has always invited foreign mediation. Its economy is in tatters and is one-eighth the size of India's. The hyphenation of India and Pakistan is deeply offensive to Modi and shows US diplomatic ineptitude that risks derailing an imminent US-India trade deal. Direct nuclear discussions with Iran are potentially perilous for the US, especially as it leaves on the table civilian use, another blow to Israel. Trump's opulent business trip to the Middle East was preceded by his sons running around raising money for family crypto, hotels, condos and leisure projects across the region.^^ Trump is being gifted a 13-year-old $400m Boeing 747-8 by Doha for use as a new Air Force One. Democrats described the arrangement as "corruption in plain sight".+ The pharmaceutical price reductions of some 50-90% in the US market will disrupt global medicine supply chains and encourage workarounds. Passage of the tax bill, which includes a rollover of the 2017 tax cuts, is needed or the US will face an unwelcome tax rise later this year. The bill is being contested in Congress and may cause a Truss meltdown. The fake news show is slowly, but might soon be quickly, unravelling.++

*US-China Trade Balance in 2024: the US imported $438.9bn of Chinese goods while China imported $143.5bn of US goods, creating a US deficit of $295.4bn.

**Putin doesn't recognise Zelensky as a legitimate leader, so he wouldn't show. He would also risk been turned over to the ICC by Turkey, unlikely but possible.

^Trump asked both sides to de-escalate but only on last Thursday 8 May did JD Vance tell Fox News that the conflict is "fundamentally none of our business."

US sanctions on Syria are lifted, the PKK has ended 40 years of insurgency, and Turkey is hosting Ukraine peace talks. Good for Erdogan, bad for Netanyahu.

^^At state level, Trump claims KSA, Qatar & UAE will invest $2tn+ in the US in 10yrs. Much of it is repackaged and aspirational. Falling oil prices question it all..

"The region is flooded with agreements that never actually happen." Steven Cook, Council on Foreign Relations. But it is the optics that matter the most.

+Boeing is 5 years late and billions over budget on building two 747s, arriving 2029. The Doha jet will need years and billions to comply with AF One spec.

++In Ernest Hemingway's "The Sun Also Rises" a character called Mike is asked how he went bankrupt, he replied: "Two ways: gradually, then suddenly."

WEEKLY COMMENTARY

16 May 2025

HARTLAND SHIPPING SERVICES

Dry Cargo Chartering

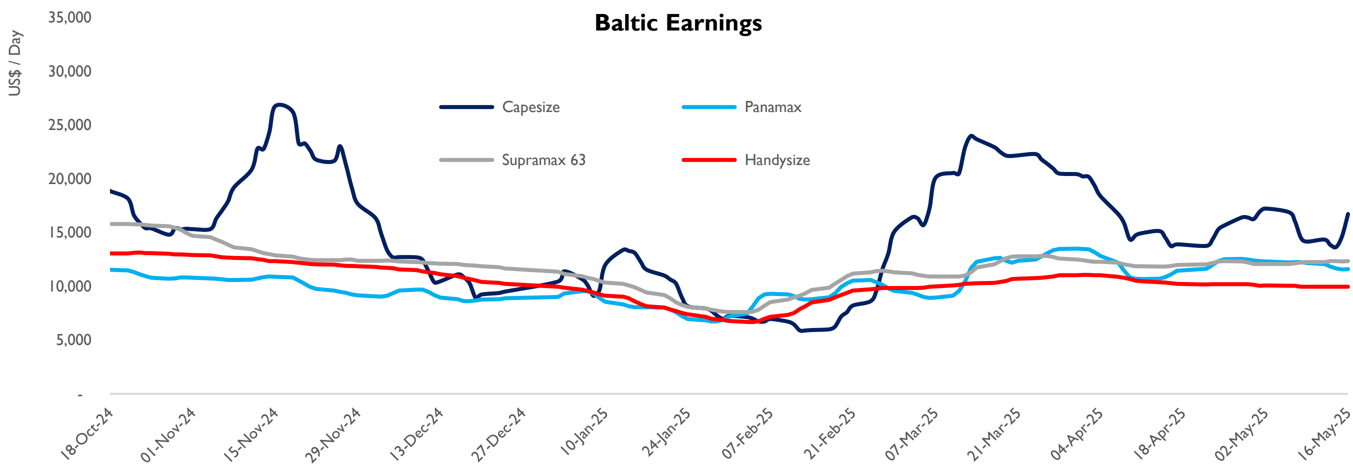
The BDI concluded at 1388 points, rising 89 places since last week.

The BCI closed today at $16,736 climbing steeply $2,567 in the trading week. The **Capesize** market gained momentum this week. In the Pacific, three miners were active, with increased coal cargoes helping to boost sentiment. South Brazil and West Africa to China routes strengthened on firm demand. In the North Atlantic, tight tonnage and a stronger fronthaul fixture list lifted the C9 index.

The **BPI** closed today at $11,608, a drop of $565 in the last 7 days. In the Atlantic, most routes saw further declines amid weak demand and growing tonnage, continuing the week's downward trend. Fundamentals are weighing on sentiment, with fresh inquiry needed to shift the tone. Asia showed some improvement, with grain-clean tonnage fetching better rates for Australia rounds, while conditions in NoPac and Indonesia remained stable. Fundamentals in the region appear slightly firmer for now.

The BSI closed today at $12,358, nudging up $100 since last week. The Atlantic **Supramax** market remained largely positional. The US Gulf held firm overall, though reported fixtures were limited and largely kept under wraps. The Continent and Mediterranean continued to show little momentum, with a lack of fresh inquiry weighing on sentiment. The South Atlantic was similarly quiet, with some suggesting that the limited activity was beginning to exert downward pressure on rates. In contrast, the Asian market showed slightly more movement, with rates generally holding around last-done levels.

The **BHSI** closed today at $9,967, dropping off by only $8, in a steady week. The market continues to trend steadily overall. In the Continent and Mediterranean, fundamentals remain soft with limited visible activity. A 35,000-dwt vessel was reportedly fixed for a Safi–New Orleans fertilizer run at $9,000. In the US Gulf and South Atlantic, some fresh demand emerged, but it has not been sufficient to clear the oversupply of tonnage, leaving rates largely unchanged. It was a slow week for the Pacific Handysize market, with fewer activities and a growing tonnage list, most notably in South East Asia. On period front, the Coresky OL (34,302-dwt, 2015) fixed delivery China for 4/6 months at $11,250 while the Earth Harmony (36,908-dwt, 2020) open Fujian fixed for legs at $12,500.



Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate ($)	Charterers	Comment
Hui Tong	83,601	2010	Campha	16/17 May	S China	$9,000	Cnr	Via Indonesia
Anna Maria	81,404	2012	Sunda Strait	5 May	Singapore-Japan	$12,000	Cnr	Via EC South America
Sheng An Yang	76,627	2006	Hong Kong	14 May	South Korea	$8,200	Cnr	Via Indonesia
Navios Hope	75,397	2005	Taichung	18 May	South China	$8,000	PPT Shipping	Via Indonesia
Good Luck	75,031	2011	Qinzhou	17 May	China	$8,000	Norden	Via Indonesia
Vanna	63,328	2015	Vun Tau	22/23 May	Thailand	$13,500	Tongli	Via Indonesia
Nordsun	61,559	2015	Samalaju	Ppt	Thailand	$14,750	Cnr	Via Indonesia
Chang Hang Pu Hai	58,044	2012	Singapore	15-17 May	China	$12,500	GML	Via Indonesia
Inasa	38,129	2020	CJK	18 May	Continent	$13,500	Swire	Via Bing Bong
Princess Shaimaa	32,046	2013	North Brazil	Ppt	Norway	$12,000	Cnr	-

Exchange Rates		This week	Last week
	1 USD	145.98 JPY	145.30 JPY
	1 USD	0.8973 EUR	0.8888 EUR
Brent Oil Price		**This week**	**Last week**
	US$/barrel	65.36	63.44

Bunker Prices (US$/tonne)	This week	Last week
Singapore HSFO	447.5	440.0
VLSFO	530.0	522.0
Rotterdam HSFO	425.5	421.5
VLSFO	470.0	464.5

Dry Bulk S&P

In the absence of any noticeable momentum in the freight markets, the second-hand market can only be described as cautiously optimistic. Participants are conscious that they are standing in the middle of a mine field laid by the US government and a step in any particular direction could have very variable outcomes. It is not surprising then that interest is focussed on lower capital investments. China is the dominant buyer and still has considerable appetite for older supramaxes.

The only deal in the modern half of the fleet is that of the kamsarmax *Medi Nagoya* (81,671dwt 2018 Tsuneishi Cebu) reported at $28.3m which looks soft when compared to the *Kleisoura* (80,982dwt, 2017 JMU) which went for a tick above $28m in late January despite not being scrubber-fitted and of a year's older vintage. It might also suggest a declining premium for scrubbers.

The only other big-ticket sale is that of the the Newcastlemax *Luise Oldendorff* (207,562dwt, 2015 Hyundai, scrubber-fitted) sold to HMM for $51m with SS/DD due.

Chinese buyers continue to hoover-up supras with *SFL Sara* (56,856dwt, 2011 Xiamen) going for $11.2m while *NZ Hangzhou* (56,709dwt, 2012 Qingshan) went for a comparatively stronger $12m.

In the handy sector *Amstel Confidence* (38,503dwt, 2011 Minaminippon) is reported sold for a stronger $14.3m, while the vintage *Siena* (32,744dwt, 2002 Kanda) went for $5.8m with SS/DD and *Despina* (28,534dwt, 2007 Shimanami) was sold at a softer $7.2m.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
Luise Oldendorff	207,562	2015	HHI	-	HMM	$51.0 m	SS/DD due
Medi Nagoya	81,671	2018	Tsuneishi Cebu	-	Vietnamese	$28.3 m	Scrubber fitted
NZ Hangzhou	56,709	2012	Qingshan	C 4 x 30T	Hai Dong	$12.0 m	
Amstel Confidence	38,503	2011	Minaminippon	C 4 x 30T		$14.3 m	OHBS
Siena	32,744	2002	Kanda	C 4 x 31T		$5.8 m	SS/DD due
Despina	28,534	2007	Shimanami	C 4 x 31T	Royal Maritime	$7.1 m	

Monthly Newbuilding Update
(May 2025)

The most notable development on the supply-side last month was the IMO MEPC83, which saw agreement on new rules to incentivize lower carbon emissions, and are expected to be adopted in October. These rules are complex but in summary, if they enter into force, from 2028, there will in effect be direct charges levied on ships burning fuel oil. This can only be avoided by offsetting fuel oil consumption by using blended biofuels or using alternative low-carbon fuels. Both of these choices are highly expensive, but eventually may become more cost effective than buying carbon credits. The effective cost of this carbon tax on fuel oil would start in 2028 at $75/t of VLSFO, but will rise incrementally and by 2035 would hit $469/t of VLSFO.

This would significantly increase running costs for all ships burning fuel oil. Whilst higher costs will ultimately end up being passed on to end-users, the rules punish the thirstier ships more than more efficient vessels. This will add further incremental costs to older tonnage, increasing the discounts already in place. In the long-term, this would also likely increase the prospects of demolishing older tonnage in freight market downturns.

For example, on a modern Ultramax in 2028, the costs as a result of these charges would be just ~$1.0k/day, whilst for a non-eco equivalent Supramax, it would be $1.2k/day. By 2035 however, the costs would rise to $6.2k/day and $7.6k/day respectively, adding a further $1.4k/day to the premium of an Ultramax over a non-eco Supramax peer. For larger tonnage, the differential is more stark. For an eco VLCC, it creates costs of $3.3k/day in 2028, rising to $21k/day by 2035. However for non-eco VLCCs, in 2028 the extra cost differential from these rules is $0.9k/day, but by 2028 it rises to $5.6k/day.

Orderbook as of start of May 2025	Capesize (>100,000-dwt)		Panamax (69-99,999-dwt)		Supra/Ultramax (45-68,999-dwt)		Handysize (25-44,999-dwt)		Total	
	#	M-dwt	#	M-dwt	#	M-dwt	#	M-dwt	#	M-dwt
2025	25	5.0	103	8.5	131	8.3	99	4.0	358	25.7
2026	50	9.8	176	14.6	178	11.3	119	4.8	523	40.5
2027+	79	17.3	163	13.6	151	9.6	58	2.4	451	43.0
Total	**154**	**32.1**	**442**	**36.8**	**460**	**29.2**	**276**	**11.1**	**1,332**	**109.1**
OB as % Fleet	7.5%	7.9%	13.5%	13.9%	10.8%	12.0%	9.0%	10.5%	10.6%	10.7%

HARTLAND SHIPPING SERVICES

Tanker Commentary

After several weeks of consistent activity in the product market, this week has seen transactions limited exclusively to crude tankers. Prices have remained stable, reflecting levels observed in recent comparable sales.

VLCC players Maran Tankers have successfully offloaded their scrubber-fitted *Maran Canopus* (320,475-dwt, 2007 DSME) for $49m. This sale is inline with Bahri's sale of *Layla* (317,821-dwt, 2007 Hyundai Samho - scrubber-free) which sold for $46.75m two weeks ago. This is a good example of the premium given to scrubber fitted vessels.

In the Suezmax sector, four sales have been concluded this week. Three 2009 built sister vessels have sold; *Aspen Spirit & Cascade Spirit* (156,850-dwt, 2009 Rongsheng) sold en bloc to Nigerian buyers for $75m, as well as *Advantage Solar* (156,643-dwt, 2009 Rongsheng - Scrubber) which sold to Far Eastern buyers for $36m. This is in line with the sale of *Pentathlon* (158,475-dwt, 2009 Samsung) sold in early March for $40.5m when accounting for premium given to Korean built ships. Elsewhere, *Nordic Castor* (150,249-dwt, 2004 Universal) has been sold for $22.7m. Last done is *Chios* (149,996-dwt, 2006 Universal) sold for $29m in mid April.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
Maran Canopus	320,475	2007	DSME		$49.0 m	Scrubber
Aspen Spirit Cascade Spirit	156,813	2009	Rongsheng	Nigerian	$75.0 m	Enbloc
Advantage Solar	156,643	2009	Rongsheng	Far Eastern	$36.0 m	Scrubber
Nordic Castor	150,249	2004	Universal		$22.7 m	

Orderbook as of start of May 2025	Crude Tankers Aframax (80-120k-dwt) #	M-dwt	Suezmax (120-200k-dwt) #	M-dwt	VLCC (200k-dwt +) #	M-dwt	Crude Total #	M-dwt
2024	5	0.6	22	3.9	6	1.8	33	6.3
2025	11	1.3	39	6.1	29	9.0	79	16.4
2026+	26	3.0	57	9.0	64	19.6	147	31.6
Total	**42**	**4.8**	**118**	**19.0**	**99**	**30.4**	**259**	**54.3**
OB as % Fleet	6.1%	6.3%	17.7%	18.3%	11.0%	10.9%	11.5%	11.8%

Orderbook as of start of May 2025	Product Tankers Handy (30-41k-dwt) #	M-dwt	MR (41-60k-dwt) #	M-dwt	LR1 (60-80k-dwt) #	M-dwt	LR2 (80k-dwt +) #	M-dwt	Product Total #	M-dwt
2024	3	0.1	78	3.9	9	0.7	33	3.8	123	8.4
2025	8	0.3	105	5.2	19	1.4	58	6.6	190	13.6
2026+	9	0.4	100	4.9	34	2.5	79	9.0	222	16.8
Total	**20**	**0.7**	**283**	**14.1**	**62**	**4.6**	**170**	**19.4**	**535**	**38.9**
OB as % Fleet	3.9%	3.9%	16.7%	16.9%	16.5%	16.7%	35.7%	36.9%	17.5%	21.3%

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