20 June 2025

WEEKLY COMMENTARY

HARTLAND
SHIPPING SERVICES

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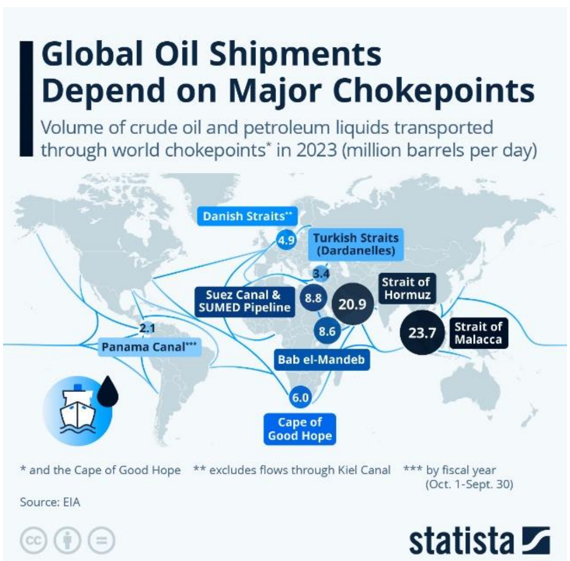
… Events dear boy, events…



Source : Statista

POINTS OF VIEW

All eyes are on Fordow, the Tolkienesque Mount Doom of the Iranian nuclear project. Trump has set himself two weeks to decide whether to join Israeli attacks, caught between conflicting arms of his party: the old school establishment Iran hawks, versus the new isolationist MAGA base. The latter want Trump to keep his promise of no more wars. Nobody, not even Trump knows what he will do, but he may prefer a deal that kicks the can and cements his deluded Nobel Peace Prize credentials. A weakened Ayatollah may have no choice but to accept. Whatever happens, this war will reshape the Middle East, whether it has a broader macroeconomic impact and a major lasting effect on shipping markets is still unclear.

So far, the commercial impact has been largely constrained to a risk-premium for tankers prepared to travel into the Gulf. Meanwhile the Red Sea looks set to remain a no-go zone for many.* Brent is up ~$10/bbl since the middle of last week when rumours first circulated that Israel was set to attack. Whilst such jumps are hardly everyday occurrences, this is not yet a shock move. Oil traded as high as this back in April, and averaged higher in 2024. The energy facilities that have so far been hit are largely domestic facing or insufficient to tilt the global supply-demand balance, Iranian crude still flows. There is still substantial commercial and human risk though, for markets, locals and crews. The region's role in supplying hydrocarbons (oil but LNG and LPG too) is well known**. Tanker rates have jumped, spot VLCCs (TD3) have exceeded $60k/day, but again, such rates were seen as recently as February. Things could go anywhere in the coming weeks. If extra barrels come from OPEC replacing potentially targeted Iranian supply (~3mbpd output), this would turbo-charge non-dark fleet rates. A blocked Strait of Hormuz would trap cargoes in the Gulf, but create enormous premiums for ships that risk it. For drybulk its chokehold is smaller, but not trivial (6% of global volumes). Much of the analysis of the potential outcomes of the war stresses that Iran will not try to close or disrupt the Strait nor bomb oil infrastructure of other Gulf nations, because such acts are self-defeating, irrational or even beyond Iran's capabilities^. Iran needs the Strait to exports its oil to China, its major source of funds, and other regimes in Gulf are unlikely targets, they have so far sought to be mediators, not aggressors. Likewise, any attacks by Iran against other targets in the region, would make further American involvement inevitable and swift. Such analysis is coherent and adds up, but it does assume that regimes close to the edge act rationally and in the best interests of their people.

Since 2019 several blockbuster events have upended shipping markets. 2019 saw drone attacks on Saudi oil and then temporary US sanctions on COSCO. This was shortly followed by the Covid crash and subsequent rebound. As COVID settled down, Russia attacked Ukraine, with sanctions slapped on its energy. Then the two key gateways of trade became tangled, firstly the Panama Canal drought in 2023, then Red Sea attacks. Perhaps another event will be added to the list shortly. There have also been several almost-events of late; India and Pakistan's brief war was contained, whilst Trump TACOd out of the most ruinous Liberation Day tariffs. Whether such events are Black (or Orange) Swans or Grey Rhinos (high impact events that were a possibility, even without the benefit of hindsight), they highlight a broader trend of more conflict and uncertainty. The post-Cold War order is unravelling, and the world is increasingly multipolar.^^ War is not confined to battlefields or cyberspace but also finance and trade. Sanctions have created parallel fleets, SWIFT and the dollar are weapons too. Meanwhile the US dreams of bringing back shipbuilding and reshoring manufacturing, behind a wall of port fees and tariffs. It is not alone; India plans to revitalise its shipyards too. These are clearly strategic, not commercial choices, intimidated by the scale and success of Chinese yards and the implications for naval power. The knowledge, experience and supply chains required to replace them will need decades and billions of dollars.

The world and shipping are changing rapidly, but the core basics are not: markets are a delicate balance between supply and demand, all the while at the mercy of events. The shipping show must go on. Most owners are focusing on solving their own puzzle: how to deploy the huge piles of cash accumulated in recent years, whilst navigating high newbuild and secondhand prices. There are worse problems to have.

*On the navigational side, there have been dangerous levels of signal jamming already in the Gulf. AIS data suggests there has been a small decline in the number of bulkers and tankers bound for the region (S&P Global, Signal).

Iranian exports have actually increased this week by 44% against YTD averages, as Iran rushes export as much as possible ASAP, according to Tanker Trackers (via Bloomberg - *Iran Satellite Images Show Race to Get Its Oil Out Into the World*).

**35% of global seaborne crude transits the Strait of Hormuz, 20% of seaborne LNG. Whilst a portion of the crude can be bypassing the straits using pipelines in the UAE and KSA, the majority must transit the Strait.

^There is much scepticism about whether Iran is even capable of closing the Strait given the large US naval presence in the area. Whilst a complete and secure closure is unlikely to succeed, a campaign of harassment may be trickier to stamp out.

For a good example of the chaos that irregular, under-armed forces can cause at a regional chokepoint – look no further than the impact of the Houthis on the Red Sea, despite the presence of US and allied naval deterrence.

^^A multipolar fragmented world seems a more useful framework than splitting the world into just the west vs the rest. Russian and more importantly Chinese support for Iran as part of any CRINK-axis has been verbal rather than tangible this week, whilst US-EU relations continue to fray.

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Dry Cargo Chartering

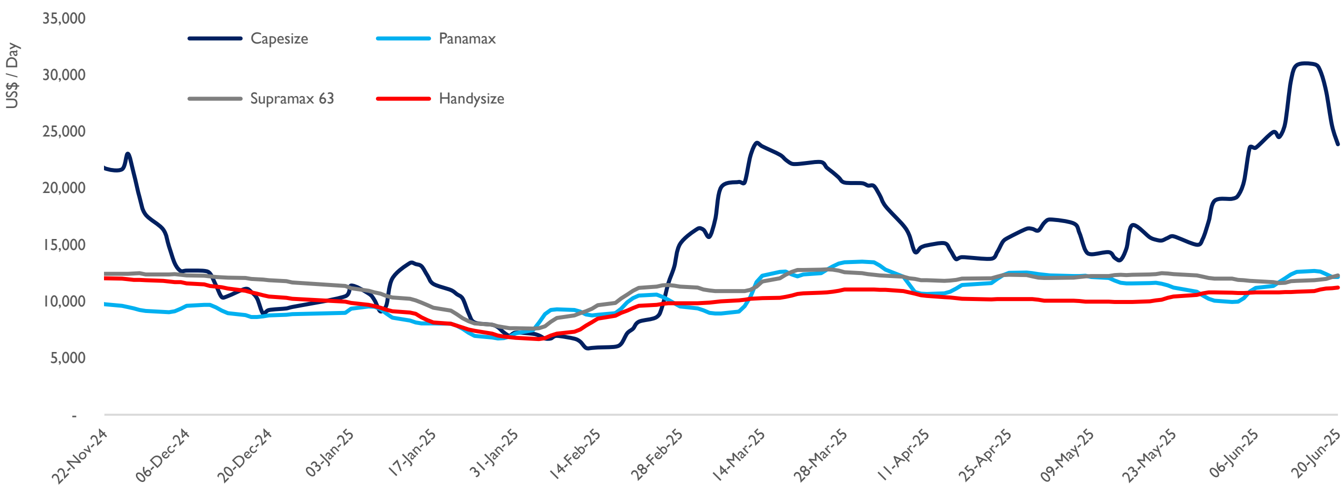
The **BDI** is at 1,689 points this Friday, declining 279 points in the week just gone. The **BCI** closed at $23,879, falling $6987 since we last reported. In the Pacific, an increasing number of open vessels is beginning to dampen sentiment, despite trading volumes remaining relatively strong. This growing tonnage list is starting to outpace demand, raising concerns about potential rate pressure in the near term. Meanwhile, in the Atlantic, the South remains relatively light on ballasters, which is providing a measure of support to hire rates. In contrast, the North Atlantic is showing signs of tightening as we move into the last week of June, with improving cargo demand helping to stabilize market conditions.

The **BPI** settled at $12,151, dropping $459 in a week. The Panamax market seems to have passed a short term peak, with weaker spot activity suggesting potential downward pressure on rates. In the Atlantic, activity has been uneven, trading remains limited in the North, while South America continues to show a softer tone, despite still securing some premiums for prompt transatlantic rounds and offering the highest cargo volumes. In the Pacific, the market remains selectively firm, supported by regular Japanese tenders and steady demand from East Australia, although a distinct two-tiered structure is now evident.

The **BSI** concluded trading at $12,305, climbing $469 in 7 days. The Supramax market displayed cautious optimism this week, with the Atlantic basin maintaining its positive trajectory while Asian routes showed tentative signs of improvement. Fixtures in the US Gulf and East Coast South America showed strong rates, as the cargo volume remained healthy. For example, Louis Dreyfus fixed the *Bulk Antigua* (61,602-dwt, 2019) for a trip SW Pass/ Guayaquil at $22,250 & *Equinox Agnandoussa* (58,680 2011) which was open Manatee 21/23 Jun fixed for a trip delivery SW Pass redelivery Japan at $20,000. In the Pacific, both NoPac and Southeast Asian routes firmed up with fresh cargoes pumped in, whether this volume remains longer term is yet to be seen.

The **BHSI** finished at $11,224, a rise of $358 in the trading week. In the Continent and Mediterranean, conditions remained soft with limited new inquiries. In contrast, the South Atlantic and US Gulf regions continued to show increasing strength. A 33,000-dwt ballasting from West Africa secured $17,500 for a trip from Recalada to the Continent. In the Gulf, a 37,000-dwt was fixed from Palm Beach via the US Gulf to the UK-Continent, carrying wood pellets, at $18,000. The Asian Handysize market remained largely unchanged, with no notable shift in fundamentals and continued slow and steady sentiment. Rates largely held firm across the region despite a slightly extended tonnage list in Southeast Asia and the North Pacific. However, rising cargo volume is noted and could lead to stronger trading conditions next week. Asian markets remained subdued, with long tonnage lists reported in Southeast Asia and the North Pacific. Nonetheless, rates held steady. A 34,000-dwt was fixed from Hong Kong for a Far East redelivery at $9,000.

Baltic Earnings



Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate ($)	Charterers	Comment
Yasa Diamond	84,973	2021	Zhoushan	23/25 June	Singapore-Japan	$13,500	Cnr	Via EC Australia
Yasa Eagle	82,525	2012	Mariveles	24 June	South China	$12,000	Cnr	Via Indonesia
Skyros	79,366	2011	Haldia	20/25 June	Singapore-Japan	$9,500	Reachy	Via EC South America
Santa Adriana	77,040	2013	Incheon	13 June	Japan	$11,700	NS United	Via Philippines
Kamares	74,444	2004	South China	Ppt	China	$8,250	Cnr	Via Indonesia
Tai Sentry	64,589	2024	Kendari	24/27 June	India	$16,000	Seapol	Via Indonesia
Akmi	63,689	2020	CJK	Ppt	US Gulf	$12,000	HMM	Via South Korea
AL Saad	57,114	2010	Richards Bay	Ppt	Pakistan-WCI	$12,000	Cnr	$150,000 ballast bonus
Remy Enterprise	34,529	2019	Kwangyang	Ppt	San Francisco	$10,850	Panocean	-
Clipper Spey	33,985	2011	Hong Kong	Ppt	Far East	$9,000	Cnr	-

Exchange Rates		This week	Last week
	1 USD	145.72 JPY	144.12 JPY
	1 USD	0.8681 EUR	0.8663 EUR
Brent Oil Price		**This week**	**Last week**
	US$/barrel	76.73	73.51

Bunker Prices (US$/tonne)	This week	Last week
Singapore HSFO	497.5	451.0
VLSFO	569.0	523.5
Rotterdam HSFO	487.0	435.0
VLSFO	526.5	487.5

Dry Bulk S&P

The standout sale this week is *Santa Graciela* (82,149-dwt, 2013 Tsuneishi), which is reportedly sold for $18.6m. The vessel attracted strong interest, reflecting healthy competition among buyers and resulting in a firm price for the sellers. Market participants suggest that the premium is justified by the vessel's pedigree, being a pure Japanese build as opposed to affiliate or Chinese-built tonnage. This distinction becomes increasingly relevant at the Kamsarmax size (>80k-dwt), where USTR port fees can have a financial impact. Buyers may also be factoring in the value gap between non-eco and eco-engine vessels, a differential not always reflected in charter rates.

Elsewhere, sales largely seem to be driven by upcoming surveys. Sellers opting to offload their ageing ships instead of bearing the costs of surveys. Two circa twenty-year-old Capes have been sold. TMS have sold one of their oldest vessels, *Partagas* (173,880, 2004 SWS – Scrubber fitted) for $13.5m and *Cape Veni* (173,764-dwt, 2007 Bohai) sold to Chinese buyers for $17m. The last done Chinese built Cape of a similar vintage is *China Progress* (174,322-dwt, 2006 SWS) sold for $17m in mid-April. This indicates a softening in values over the last two months.

Four Supramaxes have been sold this week. Sister vessels *Marigoula* (58,063-dwt, 2013 Yangzhou Dayang) and *Pythias* (58,018-dwt, 2010 Yangzhou Dayang) are both sold basis surveys due, achieving prices of $13.5m and $11.2m respectively. By way of comparison, *Ingwar Selmer* (58,018-dwt, 2011 Yangzhou Dayang) was sold at $11.65m at the beginning of the month. However, her surveys are not due untill March next year. Turkish owners Yasa Holdings are also reported to have sold *Yasa Pembe* (55,912-dwt, 2007 Mitsui) for $12.25m with surveys freshly passed. This is largely in line with *Genco Picardy* (55,257-dwt, 2005 NACKS) which we understand is close to being committed in the low $10 m range basis SS/DD due.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
Partagas	173,880	2004	SWS	-	Chinese	$13.5 m	Scrubber fitted / DD due
Cape Veni	173,764	2007	Bohai	-	Chinese	$17.0 m	Wartsila M/E. DD due
Santa Graciela	82,149	2013	Tsuneishi	-		$18.6 m	M/C Engine
Baby Cassiopeia	110,842	2012	Mitsui	-	Vietnamese	$19.0 m	Scrubber fitted
Marigoula	58,063	2013	Yangzhou Dayang	C 4 x 35T		$13.5 m	DD Due
Pythias	58,018	2010	Yangzhou Dayang	C 4 x 35T	Chinese	$11.2 m	SS/DD Due
Yasa Pembe	55,912	2007	Mitsui	C 4 x 30T		$12.25 m	Surveys freshly passed
Huayang Sunrise	34,003	2011	Fujian Crown Ocean	C 3 x 30T		$7.46 m	Sold via online auction. 6 H/H

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Tanker Commentary

The scrubber-fitted *Papalemos* (319,191-dwt, 2018 HHI) has been picked up by DHT for $107m. This prices a 7yo at less than $20m below the cost of a newbuild replacement, albeit with delivery not until 2028. If we were to depreciate a newbuild price of $125m by 5% per year it would produce a price below $90m. This deal underlines the the scarcity of modern tonnage and the premium buyers are prepared to pay to get their hands on one.

Appetite remains for older VLCCs, with Chinese buyers securing *Alter Ego* (299,235-dwt, 2006 NACKS) at $42m. By comparison, *Maran Canopus* (320,475-dwt, 2007 Daewoo, scrubber) was sold in May for $49m. While only one year younger, *Maran Canopus* is Korean-built and scrubber-fitted, which commands a premium.

In the Aframax segment, *Golden Marmara* (110,769-dwt, 2008 Mitsui) has found a buyer at $31m, while *Casper* (108,870-dwt, 2010 Hudong-Zhonghua) achieved $34.5m. Both have docking due within the year. For reference, the last similar sale was *P. Yanbu* (105,391-dwt, 2011 Sumitomo), reported in March at $39m.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
Papalemos	319,191	2018	HHI	DHT	$108.0 m	Scrubber fitted
Alter Ego	299,235	2006	NACKS		$42.0 m	
Yasa Golden Marmara	110,769	2008	Mitsui	Far Eastern	$31.0 m	DD due
Casper	108,870	2010	Hudong-Zhonghua		$34.5 m	Surveys due. Epoxy

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