HARTLAND
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6 June 2025

WEEKLY COMMENTARY

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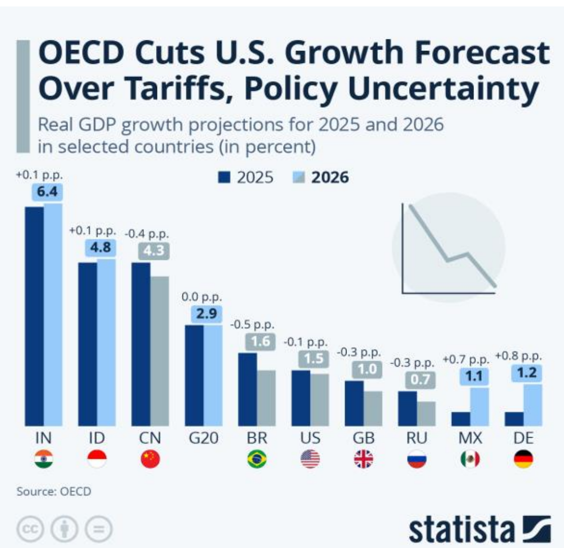

Source : Statista

POINTS OF VIEW

As widely expected, last Saturday OPEC+ members increased production targets for July by 411,000-bpd, their third raise in a row, taking the cumulative output additions to 1.37m-bpd between end March and end July. This has caused a big drop in the price of Urals crude oil this year and will ratchet up pressure on the Kremlin's war finances if OPEC+ continues fast-track restoration of the 2.2m-bpd removed from the system in 2022, possibly pegging Brent below $60 in H2 2025. Of this 1.37m-bpd output increase in four months Saudi Arabia's quota will rise 556,000-bpd while Russia will only get a 150,000-bpd uplift in compensation for past overproduction.* Taken together with Ukraine's increasingly successful asymmetric warfare, after attacks last week against Russia's long-range bombers in Russia and bridges in Russia and Crimea, this could unsettle the frigid-faced Putin. After accounting for cartel overproduction, about half the cumulative increase should represent new barrels entering the market, eventually boosting large crude tanker earnings. There are now more VLCCs on the US blacklist than VLCCs on order. OPEC analysts forecast the market being short of 1m-bpd in Q3, despite Kazakhstan's cheating, suggesting that the IEA consistently underestimates demand. In fact, according to Bloomberg, just last month the IEA increased its historical demand estimates which wiped out all the inventory builds it had previously identified in the past three years.

Trump is infuriated by the TACO** play on Wall Street. He sees himself as a tough negotiator, despite his lack of progress with Putin on war and peace and with Xi on tariffs and trade.^ This may explain Wednesday's rise in tariffs on imported steel and aluminium to 50% from 25%, although Trump did temporarily exempt the UK from 50% while the two sides try to flesh out their framework trade agreement. There are always carve-outs with this administration. Back in March 2018, when tariffs were imposed on steel (25%) and aluminium (10%) imports, only 1,000 new US steel jobs were created in 18 months compared to 75,000 fewer manufacturing jobs, according to the US Secretary of Commerce. 75% of US aluminium needs come from Canada. The tariffs failed to revive US domestic steelmaking. They raised metal prices in America and impacted downstream users, disadvantaging consumers and businesses, and ramping up costs for important industries such as its automotive and aircraft manufacturers. The president's big, beautiful bill – which wraps up 'good' and 'bad' stuff and is at the heart of his legislative agenda – is now being examined by the Senate having narrowly scraped through the House. Elon Musk, free of government responsibilities, has criticised the bill as a "disgusting abomination" for inflating the budget deficit and national debt and wiping out the efficiency savings of DOGE.^^ It was always speculated that these two huge egos would clash. Now they really are.

We have not seen the potential inflationary impact of the on-off tariffs yet, but these may appear in H2, as many importers rushed to beat deadlines and are probably still in the process of drawing down cheaper stock. The tariffs, and their future shape, are a big worry to many countries while financial markets see a bigger threat from the bond market with US 30-year treasuries, that price long-term government borrowing costs, having breached the 5% yield mark. With prices down, and yields up, lenders need a higher return to invest in government debt as the dollar weakens, and the debt load expands. The OECD adjusted down its pre-liberation day March forecasts for global growth to 2.9% in both 2025 and 2026 from above 3% with US growth falling from 2.8% last year to 1.6% in 2025 and 1.5% in 2026. Higher inflation will prevent the US from cutting rates this year. The OECD warns of a "significant toll" stemming from Trump's levies and the associated policy uncertainty. The ADP's private sector jobs report came in at plus 37,000 on Wednesday, the lowest since March 2023. The trend is down and cooling. On the geopolitical front, the wars in Ukraine and the Middle East appear as intractable as ever as neither side in each conflict appears ready to concede. Outside intervention – whether by the US, Qatar, Turkey or other peace aspirants – is getting nowhere as the protagonists push on with their own agendas while simultaneously humouring the peacemakers. Talks with Iran seem to going full circle all the way back to Obama's 2015 JCPOA that Trump abandoned in 2018, ending vetting. They are back to discussing permissible levels of uranium enrichment and the degree of monitoring and verification.+ No 'deals' have been done and Trump's credibility and popularity around the world is waning fast.

*Output is not export. Bloomberg estimates that 80%+ of KSA's raised quota will be used locally to generate electricity in the summer demand surge for aircon.

**The perception is that Trump Always Chickens Out, coined by Robert Armstrong of the FT. The world has worked out that Trump quickly caves in.

^China is returning Boeing orders back to the US as it mulls a 500 aircraft order at Europe's Airbus. Beijing has held up Apple's AI partnership with Alibaba.

China controls 92% of global processing of rare earth elements routinely used in cars, microchips, F35s and nuclear subs. It is restricting supplies to the US & EU.

^^Musk's opposition to the BBB is likely to resonate with some disaffected Republicans, generally scared to speak out, and may tip the scales against it.

At DOGE, Musk started off aiming for $2tn of efficiency savings, dropping to $1tn, and eventually achieving $170bn. Like his boss: aim high, agree low.

Midweek, the non-partisan Congressional Budget Office said that the House-passed bill will add $2.4tn to the soaring national debt over the next decade.

+The US administration is not on the same page as its real estate men differ. Witkoff seemed to offer civil enrichment while Trump wants none, zero.

WEEKLY COMMENTARY

06 June 2025

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Dry Cargo Chartering

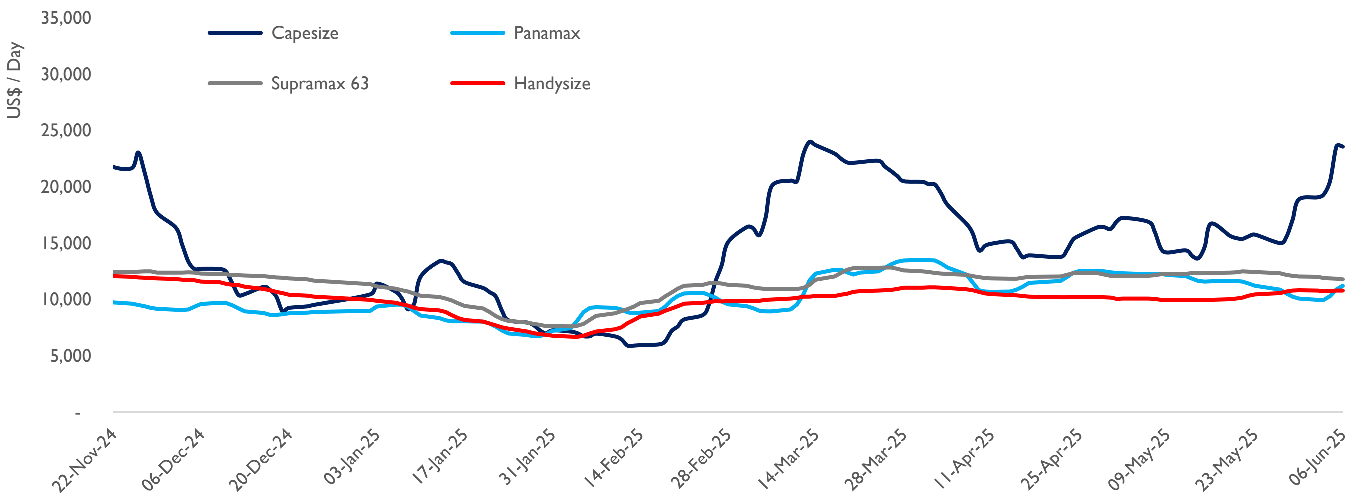
The BDI closed at 1,633, climbing 215 points in a week. The BCI closed at $23,572, rising $4,687 since last Friday. The **Capesize** market climbed significantly this week; these increases can be attributed to higher volumes from both Australia and Brazil, positional tonnage being thin on the ground, and bauxite trades increasing from West Africa.

The BPI settled at $11,210, climbing $1,138 in 7 days. The **Panamax** sector held steady over the past week, with market fundamentals showing equilibrium in both the Atlantic and Pacific basins. In the Atlantic, grain remained the main driver of fixtures, supplemented by sporadic coal cargoes, though charterers continued to exert downward pressure on rates. Meanwhile, the Pacific experienced a gradual uptick in sentiment, although activity across Asia was dampened by regional holidays, rate levels largely held firm, and the market is now anticipating fresh demand to maintain its current momentum.

The BSI settled at $11,796, falling $230 in the trading week. The **Supramax** market kept steady this week, with flat trading and positional sentiment prevailing across both basins. Although there were pockets of activity in the Atlantic, especially for cement cargoes, the overall market remained lacklustre, with long tonnage lists continuing to outweigh demand. The Pacific remained under pressure, as charterers consistently bid below last-done levels. However, signs of a rebound emerged toward the end of the week, driven by an uptick in cargo volumes.

The BHSI concluded trading at $10,802, falling just $9 in a week. The **Handysize** market displayed a mixed performance this week. In the South Atlantic, conditions remained generally quiet, although rates showed tentative signs of improvement. Meanwhile, the US Gulf continued its positive momentum, with steady cargo flows and a shortage of prompt tonnage. The trans-atlantic trips from the Gulf are now reaching $16-17,000 levels whilst the Continent and Mediterranean markets remain flat. The Pacific Handy market however, had a quiet week, with minimal fixing and a growing tonnage list as cargo demand remained stagnant.

Baltic Earnings



Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate ($)	Charterers	Comment
Agri Princess	82,084	2017	Taichung	6 Jun	S China	$9,500	Tongli	Via EC Australia
Cape Kennedy	81,391	2012	Huanghua	5 June	Singapore-Japan	$7,350	Uniwin	Via NoPac
Omicron Atlas	76,554	2008	Jorf Lasfar	11/13 June	Gibraltar-Amsterdam	$11,500	Cnr	Via NC South America
Agios Georgios	75,200	2012	EC South America	21 June	Singapore-Japan	$13,750	Cnr	$375,000 ballast bonus
Kamares	$74,444	2004	Hong Kong	27 May	South China	$3,000	PPT Shipping	Via Indonesia
Nord Kanmon	60,236	2018	Turkey	Ppt	Brisol, US East Coast	$9,500	Oldendorff	$160,000 ILOHC
Toxotis	56,713	2010	Bremen	Ppt	India	$13,000	Cnr	Via Kotka & COGH
Xing Hai He	53,208	2008	Kandla	Ppt	Vietnam	$6,500	Drydel	-
Federal Yukina	35,868	2010	Hong Kong	4 June	Far East	$8,500	Arrowcom	Via East Australia
SE Marina	33,173	2017	Bunbury	Ppt	Japan	$15,000	Cargill	Via Shark Bay

Exchange Rates		This week	Last week
	1 USD	144.72 JPY	143.60 JPY
	1 USD	0.8781 EUR	0.8808 EUR
Brent Oil Price		**This week**	**Last week**
	US$/barrel	66.39	63.72

Bunker Prices (US$/tonne)	This week	Last week
Singapore HSFO	446.5	437.5
VLSFO	512.5	506.5
Rotterdam HSFO	424.0	438.0
VLSFO	476.0	471.5

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Dry Bulk S&P

The market continues in a relatively active manner, although with muted enthusiasm. That enthusiasm is invested mainly in the Chinese market with a focus on older tonnage. Cautious buyers seem to be wary of big-ticket investments.

There are only two modern units sold this week, and both indicate a softening of prices. The scrubber-fitted Kamsarmax *AOM Sophie II* (81,816-dwt, 2020 Sanoyas) is sold for $31.5m.

The Ultramax *CMB Rubens* (63,514-dwt, 2018 Shin Kasado) is finally sold at a disappointing $27.5m. She has been a sales candidate for some time.

Korean owners HMM have continued their buying spree. This week they have spent $49.2m on the scrubber-fitted Newcastlemax *Oriental Dragon* (207,842-dwt, 2014 Imabari).

A pair of Ultramaxes have changed hands in the Turkish market. Ciner have reportedly sold *Konya* and *Izmir* (63,200-dwt, 2013 Dayang) to compatriots for $18.35m each.

Chinese buyers continue to hoover up older Supras. *Sagar Shakti* (58,097-dwt, 2012 Tsuneishi Zhoushan) is sold for just $13.9m a step down but there have been some questions marks about her condition. The Crown58 design *Ingmar Selmer* (58,018-dwt, 2011 Dayang) is report sold for $11.65m.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
Oriental Dragon	207,842	2014	Imabari	-	HMM	$49.2 m	Scrubber Fitted
AOM Sophie II	81,816	2020	Sanoyas	-	Greeks	$31.5 m	Scrubber Fitted
Ivestos 7	75,093	2008	Hudong Zhonghua	-		$9.8 m	
Protefs	73,630	2004	Jiangnan	-	Chinese	$7.0 m	DD due
CMB Rubens	63,514	2018	Shin Kasado	C 4 x 31T	Chinese	$27.5 m	
Konya Izmir	63,200	2013	Yangzhou Dayang	C 4 x 36T	Manta Shipping	$36.7 m	Enbloc
Sagar Shakti	58,097	2012	Tsuneishi Zhoushan	C 4 x 30 T	Chinese	$13.9 m	
Ingwar Selmer	58,018	2011	Yangzhou Dayang	C 4 x 35T	Chinese	$11.65 m	
UBC Tokyo	37,865	2005	Saiki Heavy	C 3 x 36T		$8.3 m	6 Holds / 6 Hatches & TEU Capacity

Tanker Commentary

Clearocean Maria and *Clearocean Mary* (49,999-dwt, 2014 SPP, epoxy phenolic) are reported to have sold for $59m enbloc, $29.5m each. This shows the market is coming off when compared to *STI Regina* (49,999-dwt, 2014 SPP) which Scorpio sold last month for $31m.

It is interesting to note the premium for first generation eco MRs and comparing them with non-eco vessels. The last similar age non-eco MR to sell was *PS Capri* (50,895-dwt, 2011 STX Offshore) which was reported for $18.35m last month, a $10m+ discount for a 3-year older vessel.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
Clearocean Maria Clearocean Mary	49,999	2014	SPP		$59.0 m	Enbloc. Epoxy Phenolic

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