HARTLAND
SHIPPING SERVICES

11 July 2025

WEEKLY COMMENTARY

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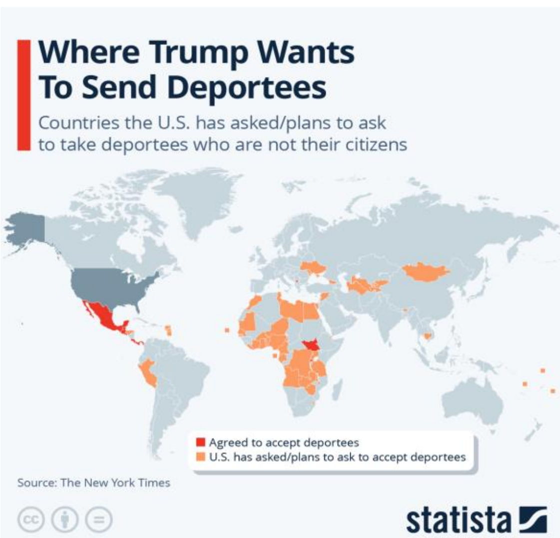
… The Art of Deterrence …



Source : Statista

*El Salvador told the UN that the US has legal responsibility for more than 200 Venezuelans sent to its terrorist prison (CECOT), contradicting the White House, after their deportation under the contentious Alien Enemies Act of 1798.

Reversals: A-G Pam Bondi had promised to release the Epstein 'client list' then, on July 4, when eyes were on Texas floods, she denied there is a list. Meanwhile, Trump reversed the Pentagon decision to pause sending arms to Ukraine.

**The BRICS was originally Brazil, Russia, India, China and South Africa now joined by Egypt, Ethiopia, Indonesia, Iran and the UAE. At this summit there was no Xi, Putin, Subianto or El Sisi which undermined its image of unity.

^The US is not a partner but, without its military and financial assistance, the coalition lacks the people and firepower to resist 800,000 Russian troops. It was also unable to immediately admit Ukraine to Nato. Much work to be done…

^^No inflationary or job impacts were felt in the first two months since the Liberation Day 10% baseline tariff came into effect. Tariff income rose from $22.7bn in Q1 to $65.8bn in Q2. Imports are falling. So far, so good.

The BBB has passed in Congress. Nato allies have committed to a huge increase in defence spending. Migrant arrivals are dramatically down after deportations. The economy and stocks are up, and oil is down. The wars are still a problem.

+Trump has threatened Cambodia, Indonesia, Laos, Malaysia and Thailand with 24-40% duties for running trade surpluses with the US, although well behind Vietnam which has 'agreed' a 20% US import duty, 40% for China transhipments.

Since start 2017 (Trump 1) China's share of total US imports fell from 22% to 10% at start 2025 (Trump 2). Over the same period, ASEAN's share rose from 7.5% to 12% illustrating how China's manufacturing is dispersing regionally.

++The US administration's 50% tariff on copper imports will most likely backfire and hurt US manufacturing. Trump, and his silent advisers, will not conjure up extra domestic output. Expect a TACO: Canada and Chile exemptions.

POINTS OF VIEW

Trump is frustrated by his inability to tame either Putin or Netanyahu, so the wars in Ukraine and Gaza rumble on with devastating effect. We still await clarification of the damage inflicted on Iran's nuclear weapons facilities at Fordow, Natanz and Isfahan. The Israelis will know as they have boots on the ground, and maybe underground, having totally infiltrated Iran with sleepers over decades. Yemen has flared up again. The Houthis never did capitulate as Trump outrageously claimed. They have tragically sunk two bulk carriers in the Red Sea, with great loss of seafarer lives, and are more dangerous than ever. Mysterious bombing incidents of six tankers and gas carriers this year, suspected work of Ukrainian special forces, continue. The targeted ships are believed to have lifted Russian origin oil and gas. Despite Trump's paradoxical 'peace through strength' efforts, peace is proving elusive. However, a cohort of current and past Arab and Israeli politicians and diplomats talk of the possibility of a grand deal that will see a 60-day ceasefire in Gaza, a negotiated settlement, hostage and prisoner releases, resumption of NGO aid deliveries, a permanent end to hostilities, an IDF withdrawal from Gaza, and Saudi Arabia and the UAE joining the Abraham Accords. Yes, and pigs might fly. Maybe they are just trying to flatter and appease Trump, as one does. At Netanyahu's meeting with Trump at the White House this week he gave the president a copy of a letter that he had sent to the committee recommending Trump for the Nobel Peace Prize, instant flattery. How ironic that a warmonger could nominate a draft dodger who incites violence.*

Foreign affairs have taken up much of the administration's time, but domestic and trade issues require attention. Trump is emboldened by the very narrow passage of his big beautiful bill despite the divisions it exposed in Congress. After the "anti-American" BRICS meeting in Rio last weekend, which determined that the US and its allies are yesterday's news, Trump said the BRICS and any country siding with them against US interests would attract an extra 10% tariff. Then he hit Brazil with 50%. The war in Europe has pitted the old Global South axis – with the BRICS at its core** – against the old G7/EU/Oz axis. There is a new Coalition of the Willing, consisting of 32 European and Commonwealth nations, plus Japan.^ It was formed back in March after the US threat to disengage from Europe and Nato following Zelensky's public humiliation in the Oval Office. Neither the BRICS+ nor the Coalition is a credible force, but our old-world order is under attack, not least by the traditional leader of that order. The US-initiated tariff and trade wars are alienating traditional allies while leaving enemies largely or completely untouched. Neighbours Canada and Mexico now see the US as a hostile entity while vital Asian allies Japan and South Korea are facing a 25% levy for failing to open their markets to US products. This will severely dent their automotive exports that heavily rely upon the US market. Japan vigorously protects its farmers and ricegrowers from imported foods so that the country can, for example, continue to enjoy domestically-produced Gohan (sticky rice) over US-produced Uncle Ben's (now known as Ben's Original). Trump wants to change all this.

He had promised 90 deals in 90 days, to July 9, but has done only three framework tariff deals (the UK, Vietnam and China). He underestimated just how much pushback he would get as America's reputation for reliability plunges worldwide. He has further burnished his Taco reputation by extending the July 9 deadline to August 1, "firm but not 100% firm", questioning the effectiveness of his bullying tactics.^^ Trying to force-change Japan's rice and America's car preferences comes down to his interpretation of trade balances. The fact is, well-off US buyers enjoy having choices, but they are obliged to purchase imports after domestic manufacturing was progressively shut down and outsourced to Asia. When it comes to China, it is well placed, as it exports so much of what the US really needs but no longer makes at home.+ Critically, it also controls the global supply and processing of rare earths that are needed in everything from cars, appliances and smartphones to magnets, radars and missiles. They are not actually 'rare' but occur in dispersed locations and small quantities and are massively polluting to refine, so the world willingly outsourced processing to low regulation China. Now China is restricting, for example, magnet sales to the West, interrupting some manufacturing operations. It has stopped exporting rare earths to the US, although some are smuggled out, inviting the US to invest in China-based production to gain access. This conflicts with the dream of reshoring manufacturing to the US.++

Dry Cargo Chartering

The BDI settled at 1,663 points, climbing 227 places in the last week. The BCI closed at $17,453, rising $2,071 in 7 days. At the start of the week, the **Capesize** market experienced another brutal and marked decline, with sentiment remaining weak amid persistently low activity in both the Atlantic and Pacific basins. A key factor was the prolonged and continuing absence of all major C5 miners in the Pacific, which led to mounting vessel supply. Nevertheless, the week concluded with a discernible market rebound, although for how long this positivity persists, remains to be seen.

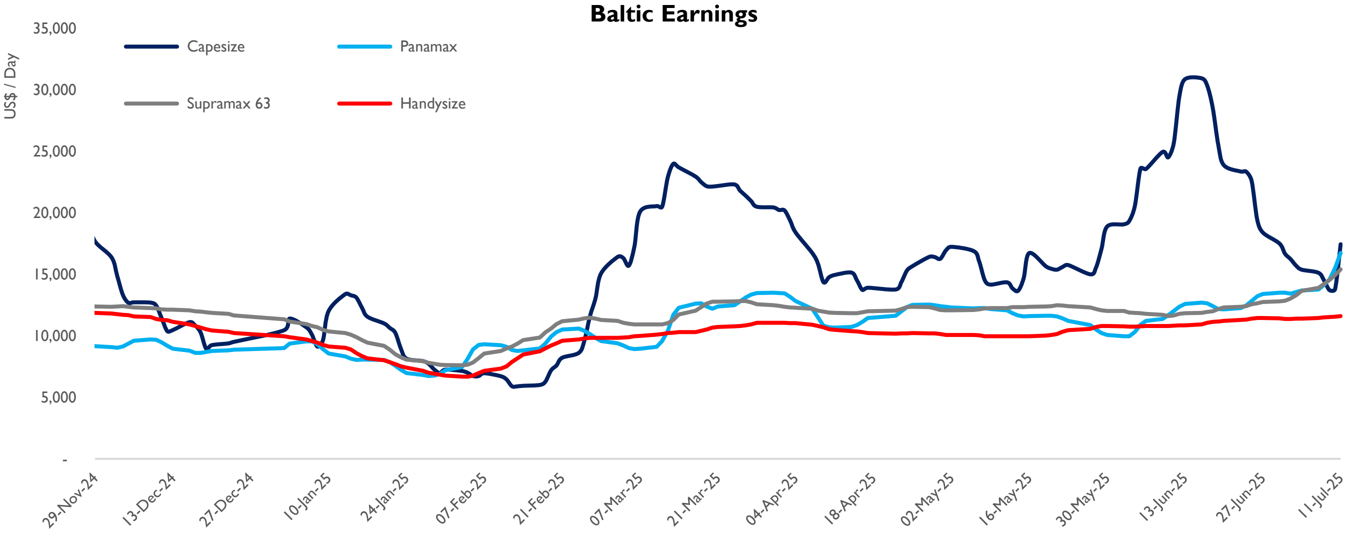
The BPI finished at $16,743, pushing up $3,060 in the trading week. The **Panamax** sector experienced a notable bounceback this week, largely driven by heightened activity in the Atlantic. Increased demand for East Coast South America loadings in late July and early August absorbed available tonnage and tightened the supply landscape in the North Atlantic, resulting in stronger returns on both transatlantic and fronthaul routes. This resurgence in the Atlantic also helped revive sentiment in the Pacific, where improved interest, particularly ex-Indonesia, has lifted what had been a relatively quiet market.

The BSI concluded the week at $15,408 an increase of $1,740 since we last reported. The **Supramax** market sustained its upward trajectory this week, with consistent gains across all major basins. Notably, the Atlantic basin led the charge with tightening tonnage supply driving rates higher.

While North Asian routes continued to show improved rate levels amid a large increase in demand, Southeast Asia saw significant improvement due to a sudden surge in nickel ore export from Philippines to China. The week was characterized by strong underlying sentiment despite limited visible fixtures, suggesting significant off-market activity.

The BHSI finished at $11,604, rising $214 in the last seven days. The **Handysize** Pacific market appeared more balanced this week. Conditions remained stable with a balanced cargo-to-tonnage ratio keeping rates largely unchanged. The Atlantic Handy market held steady and broadly balanced over the week, with pockets of upward momentum. The Continent and Mediterranean regions saw slight gains, a 32,000-dwt vessel was fixed from Canakkale to the West Mediterranean with grains at $11,500. In the South Atlantic, conditions remained stable, particularly for larger units with a 40,000-dwt fixed from Rio Grande to the Continent at $23,000. Conversely, the US Gulf continued to show signs of softening, a 39,000-dwt open on the East Coast of Mexico was fixed via SW Pass to New Zealand at $15,000.

Baltic Earnings



Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate ($)	Charterers	Comment
Velos Onyx	95,444	2014	Dongehae	9/10 July	Korea	$15,250	Five Ocean	Via NoPac
Marina	87,036	2006	EC South America	13/14 Aug	Skaw-Gibraltar	$24,000	Louis Dreyfus	-
Peace Gem	76,433	2012	Hong Kong	11/12 July	Singapore-Japan	$11,000	Cnr	Via EC South America
Guo Yuan 8	75,971	2011	Hong Kong	5/6 July	South China	$12,000	Opal	Via Indonesia
Ying Xing Hu	75,767	2004	Guishan	11 July	South China	$12,250	Klaveness	Via Indonesia
Amis Hero	63,469	2017	Surabaya	10/15 July	Singapore-Japan	$15,500	Allianz	Via W Australia
Vienna	58,736	2009	Fazendinha – Itaqui	Ppt	Egypt Mediterranean	$23,000	NMC	-
Princess Ioanna	56,670	2012	Rizhao	Ppt	West Africa	$12,500	Cnr	Via China $12,500 first 65 days thereafter $13,500
Yangtze Legend	38,737	2015	SW Pass	Ppt	New Zealand	$15,000	Drydel	-
Tiziana	35,443	2016	Fazendinha	Ppt	Puerto Rico	$15,000	Centurion	-

Exchange Rates		This week	Last week
	1 USD	147.30 JPY	144.42 JPY
	1 USD	0.8554 EUR	0.8498 EUR
Brent Oil Price		**This week**	**Last week**
	US$/barrel	70.27	68.14

Bunker Prices (US$/tonne)	This week	Last week
Singapore HSFO	429.0	421.5
VLSFO	530.5	530.0
Rotterdam HSFO	448.5	436.0
VLSFO	520.5	511.5

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Dry Bulk S&P

We have only one sale of note to report this week, which feels out of kilter with what is still a lively market. The resumption of Houthi attacks on bulker tonnage will inevitably discourage more Red Sea transits, but in actuality there had been very limited recovery in transits as few agreed with President Trump that his bombing of the Houthis had been in any way decisive. The freight market surge of the last few days may have scuppered a few sales as sellers stiffen but there remains plenty of appetite in the Chinese market for older bulkers and plenty of Greek money to be re-invested elsewhere.

The Master Blaster sale of the week is that of the Japanese Kamsarmax *Ultra Puma* (81,855-dwt, 2016 Tsuneishi) at $25.25m. Her full Japanese construction made her particularly attractive in light of the upcoming USTR penalties due to be applied from mid-October on Chinese built tonnage over 80,000 dwt. This is the first eco Japanese (or affiliate builder) eco Kamsarmax sold in some time. The last comparable is the two years younger *Medi Nagoya* (81,671-dwt, 2018 Tsuneishi Cebu, scrubber-fitted), which sold in May for $28.3m. The *Ultra Puma* seems broadly in-line once depreciation is considered, although direct comparison is tricky given one has a scrubber, and the small premium for "pure-Japanese" built ships vs Tsuneishi Cebu/Zhoushan.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
Ultra Puma	81,855	2016	Tsuneishi	-	Asian	$25.25 m	
Lucky Harmony	76,629	2003	Imabari	-		$6.35 m	
Luminous Sky	54,514	2005	Sanoyas	C 3 x 16T		$6.25 mm	Woodchips Carrier

Monthly Newbuilding Update
(July 2025)

When we analysed Chinese newbuild prices in February's edition of this report, we highlighted stalling ordering interest across sectors. Drybulk prices had begun to plateau and correct marginally after hitting their peak in Q4-24. Since then, newbuild prices continued to undertake a measured correction. While prices for drybulk and tanker newbuilds have slightly softened over the past couple of months, this downturn has been very gradual across sectors, not a precipitous fall. Since the start of the year, newbuilding prices for an Ultramax are down ~3%, ~1% for an MR and the overall cross-sector CNPI index is down by 2%.

These modest adjustments align with our earlier observation, that yards faced no near-term pressures nor incentives to cut prices substantially, reflecting the long lead times of the orderbooks they had built up. Eventually, some downward pressure should come from lower ordering interacting with the increased yard capacity (~10% more facility capacity online than 5 years ago) and higher yard productivity. In addition, yards have comfortable margins that they could cut into and still be profitable. However, there is so much capital currently seeking value across different segments, it is possible that even a moderate price correction could quickly draw some owners back to the yards and arrest any downward trend.

Only one sector has bucked the trend and not seen a fall in ordering. In the first half of the year, container ordering increased by 26% against 1H-24, a total of 1.9m-teu. Whilst this has continued to be dominated by ordering of intermediate and neo-Panamax tonnage, there are signs that attention is starting to shift into the feeder sector (<3k-teu), which possesses the smallest orderbook of any major shipping sector: 5% of the fleet (note, the overall container fleet is 29%). Feeder orders (teu-terms) in 2025 have nearly matched the total seen in 2024, and we expect more feeder orders to emerge in the coming weeks. This recent activity within the feeder container newbuilding market could provide a subtle underpinning to newbuild prices in the geared sector too, as they could use similar size yard slots.

Orderbook as of start of July 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	19	3.8	89	7.3	97	6.1	81	3.3	286	20.5
2026	51	10.8	170	14.1	187	11.9	123	4.9	531	41.7
2027+	95	21.8	209	17.4	169	10.8	71	2.9	544	52.9
Total	**165**	**36.4**	**468**	**38.8**	**453**	**28.7**	**275**	**11.1**	**1,361**	**115.1**
OB as % Fleet	**8.1%**	**9.0%**	**14.3%**	**14.6%**	**10.6%**	**11.7%**	**9.0%**	**10.4%**	**10.8%**	**11.3%**

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Tanker Commentary

In a market where earnings for VLCCs have softened since the brief Israel-Iran war, asset values may be expected to follow the downward trajectory, however *City of Tokyo* (303,994-dwt, 2004 Universal) bucks the trend, finding a buyer at $41.5m. This is a tick up on last done when *New Tinos* (300,257-dwt, 2003 Universal), which has special surveys passed, was reported as sold a few weeks ago at $37m. Neither unit is scrubber fitted.

The most interesting sale of the week is the LR2 resale *Hesperia Tide* (115,000-dwt, 2025 Zhoushan Changhong, scrubber-fitted) which is due to deliver from the yard this month, for $70m, which has been sold by Eastaway (part of X-Press Feeders) to New Shipping (Polemis). This is the first modern LR2 transaction since February, when Enesel sold *Kavafis* and *Elytis* (114,940-dwt 2023 SWS and 113,841-dwt, 2024 SWS) for a combined price of $142m to Centrofin. On the face of this deal, a 2025-built achieving a price lower than the average price of a 2yo and 1yo unit, would imply that prices have fallen a few percent in recent months. However, this fall is probably quite small once considering the yards. Whilst both ships are Chinese built, SWS is a substantially more experienced yard, particularly when it comes to building LR2s. This is the first LR2 the yard will have delivered, and its background is typically in building smaller feeder container vessels. Elsewhere, in the Aframax segment, values are cooling off as *Ise Princess* (105,361-dwt, 2009 Sumitomo) has been sold for $32.5m basis surveys passed. In June, the one-year older *Yasa Golden Marmara* (110,769-dwt, 2008 Mitsui) fetched $31m basis dry docking due in August.

Panamax tanker sales have been far and few this year, all of which have been considered vintage (20 years and older). A fresh benchmark has been set with *Koi* (74,635-dwt, 2010 STX), being picked up by Akrotiti Tankers of Greece, a Procopiou family company, for $23.3m basis surveys freshly passed.

Rates for J19s have softened by approximately 10% this year against 2024 averages - whilst the income is still high, it is giving potential buyers of these ships a chance to pay less. Cash buyer and shipowners GMS bought *Strinda* (19,959-dwt, 2006 Fukuoka) in March this year for $15.9m - they are also reported this week as the buyers of *Gwen* (19,702-dwt, 2008 Fukuoka) for $16.16m which is a notable drop, even with dry docking due in the coming months.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
City of Tokyo	303,994	2004	Universal		$41.5 m	
Hesperia Tide	115,000	2025	Changhong	New Shipping	$70.0 m	
Ise Princess	105,361	2009	Sumitomo		$32.5 m	
Gwen	19,702	2008	Fukuoka	GMS	$16.16 m	STST

Tanker Orderbooks (July 2025)

Orderbook as of start of July 2025	Crude Tankers: Aframax (80-120k-dwt)		Suezmax (120-200k-dwt)		VLCC (200k-dwt +)		Crude Total	
	#	M-dwt	#	M-dwt	#	M-dwt	#	M-dwt
2024	4	0.5	18	2.8	5	1.5	27	4.8
2025	11	1.3	40	6.3	29	9.0	80	16.5
2026+	26	3.0	72	11.3	71	21.8	169	36.1
Total	**41**	**4.7**	**130**	**20.4**	**105**	**32.3**	**276**	**57.4**
OB as % Fleet	**6.0%**	**6.2%**	**19.4%**	**19.5%**	**11.6%**	**11.6%**	**12.2%**	**12.5%**

Orderbook as of start of July 2025	Product Tankers: Handy (30-41k-dwt)		MR (41-60k-dwt)		LR1 (60-80k-dwt)		LR2 (80k-dwt +)		Product Total	
	#	M-dwt	#	M-dwt	#	M-dwt	#	M-dwt	#	M-dwt
2024	3	0.1	66	3.3	9	0.7	23	2.6	101	6.7
2025	8	0.3	109	5.3	19	1.4	58	6.6	194	13.7
2026+	9	0.4	110	5.4	39	2.9	80	9.1	238	17.8
Total	**20**	**0.7**	**285**	**14.1**	**67**	**5.0**	**161**	**18.4**	**533**	**38.2**
OB as % Fleet	**3.9%**	**3.9%**	**16.7%**	**16.9%**	**17.9%**	**18.0%**	**33.1%**	**34.2%**	**17.3%**	**20.7%**

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