

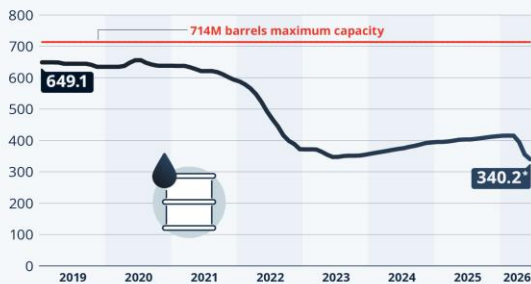


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Strategic Petroleum Reserve Takes Second Hit Amid Iran War

Crude oil stored in the U.S. Strategic Petroleum Reserve by month (in million barrels)



* as of June 12

Sources: EIA, Strategic Petroleum Reserve (Department of Energy)



statista

Source: Statista

*Far from overthrowing an Iranian regime, Trump saved one. It was in a parlous state before Feb 28 but the rally around the flag effect gave it national cohesion.

In "Iran's New Grand Strategy" in Foreign Affairs, authors Narges Bajoghli & Vali Nasr argue that "the crucible of war has transformed it in unanticipated ways."

Iran's political hierarchy has changed as the old theocratic leadership has been eclipsed by a new generation of secular technocrats drawn from the IRGC.

These 3rd generational post-1979 officials have a nationalist outlook on statecraft and security, more pragmatic and outward-looking, and maybe more malleable?

**Following on from the above, Trump thinks he can deal with the new admin (more false optimism?) so, after the concessions of the MoU, he has his chance.

The financial aspects look like bribes, but they improve the prospect of nuclear constraints being mutually agreed: worse than the JCPOA, but better than war.

Iran's latest assertion of control over Hormuz offers the US a choice: all-out war or a poor peace. Gulf Arabs and the world are for the latter, Israel the former.

Back to FA: "By shifting from air war to naval blockade, the US in effect admitted that Iran had changed the battlefield on which the conflict would unfold."

A worrying sign, albeit nothing new, is that the US and Iran offer conflicting accounts of their latest talks on many points of the MoU. A 'deal' is far away.

POINTS OF VIEW

The most embarrassing thing about the 14-point MoU, apart from that it is heavily tilted in Iran's favour, is that it could have been achieved through diplomacy without resorting to war. US allies realise it is no longer a reliable partner to anyone, anywhere. A diplomatic solution would need proper teams of experts as fielded by Obama in the 600-day run-up to the 2015 JCPOA, in contrast to Trump's envoys: the Beavis and Butt-Head duo, real estate diplomats Witkoff and Kushner. Trump's bad hand was forced by the need to re-open the strait and get oil moving again, and bring pump prices down, not least as the SPR is at precariously low levels. At 340mb, it is at 48% of capacity. Biden tapped the SPR after Russia's full-scale 2022 invasion of Ukraine while Trump has done it over Iran. Neither has replaced what he took out. The SPR is an emergency reserve, questioning whether wars, especially wars of choice, qualify for such treatment. There is a political angle: high pump prices lose votes. The 2022 release was the largest of them all. There have been only three other emergency releases since the 1970s when the SPR was set up: the Arab Spring in 2011, Hurricane Katrina in 2005, and Operation Desert Storm in 1991. Oil supply disruptions from these three events were sufficiently dire to trigger presidential orders for strategic stock drawdown. As of end 2025, estimated strategic crude oil inventories put China ahead with 1,397-mb with the US second with 413-mb and Japan in third with 263-mb, according to the US Department of Energy's EIA. There is a blurring in the distinction between strategic and commercial stocks as Chinese commercial inventories, held by its NOCs, make up 1,038-mb of the 1,397-mb total whereas US commercial inventories add 411-mb to the SPR's 413-mb. China has reduced its oil imports, instead drawing stocks.

The MoU is not a good deal. It is a surrender and it massively empowers Iran financially as it restarts its oil exports without restriction. Iran is about to get a \$6bn cash advance on up to \$150bn in global frozen assets. It might eventually see advances on a mooted \$300bn of reconstruction aid, even if we are not yet sure who will fund it. The Gulf Arab states last year pledged to invest trillions in the US, and Qatar donated a \$400mn jumbo jet, an interim new AFI. These investments may not now materialise as they will be needed to fix damaged economic, social and military infrastructure and cushion balance sheets from a drop in tourism. The Gulf states begged the US not to attack Iran, knowing that they would be on the receiving end of retaliation, also aware that Tehran had the capability to close the Strait of Hormuz and lock in their energy and other exports, as well as much needed other goods imports. Trump ignored their pleadings. He was seduced instead by Netanyahu's persuasive visual power-point presentation in the White House on Feb 11. Bibi promised swift regime change and that Iran had no power to retaliate against its Arab neighbours or to close the strait. Trump bought it, but allegedly the Israeli advice was to wait a few months while Israel continued to degrade Hezbollah in Lebanon, Tehran's most powerful proxy military ally. This school of thought claims it was Trump who decided on the Feb 28 early morning strike as top Iranian figures gathered in one place. Really? This was not part of the plan, but a case of Trump preferring to trust his gut instinct. The MoU testifies to his failure and yet he still refers to it as "probably unconditional surrender."**

The Telegraph reports a self-appointed 'presidential historian' Dave King, friend of golfer Gary Player, as writing that Trump had previously declared himself to be more powerful than Attila the Hun, Genghis Khan, Napoleon, Stalin, Mao and Hitler. That he can even put himself in the company of these world-class villains says a lot about his warped mindset. According to NYT journalists, Maggie Haberman and Jonathan Swan, in their new book "Regime Change", these collective despots "fell short of his own power as US president" because they had a collective lack of global reach; their power was comparatively local. The humiliation that Iran, a country of 93mn people that has been under sanctions for decades, has inflicted on the US, as evidenced by an MoU of capitulation, shows the extent to which the president overrates himself. The important issues of Iran's nuclear program, its ballistic missiles and its support of proxies have had to be kicked into the long grass to prioritise the reopening of the strait. Item 1 calls for an end to war on all fronts, including Lebanon, giving the IRGC an on-off switch as any Hezbollah attack on Israel will generate a response, and then strait closure. The US has surrendered the leverage that it once had. The issues that divide the US and Iran are huge and each time Iran shuts the strait it will extract further concessions from a desperate US ahead of a re-opening. The strait is the No. 1 issue affecting shipping today. Others include Russia-Ukraine, the Bab Al-Mandeb and Suez Canal, the Panama Canal and fear that China may opportunistically intensify pressure on Taiwan to waive its sovereignty while its unreliable ally is pre-occupied. Then there is Kim Jong-Un whose ICBM and nuclear capabilities are advancing. He has the potential to inflict a modern-day Pearl Harbour on the US while it's looking the other way. Sadly, if the US really wants to stop Iran going nuclear, it must face a modern-day Gallipoli in the PG.**

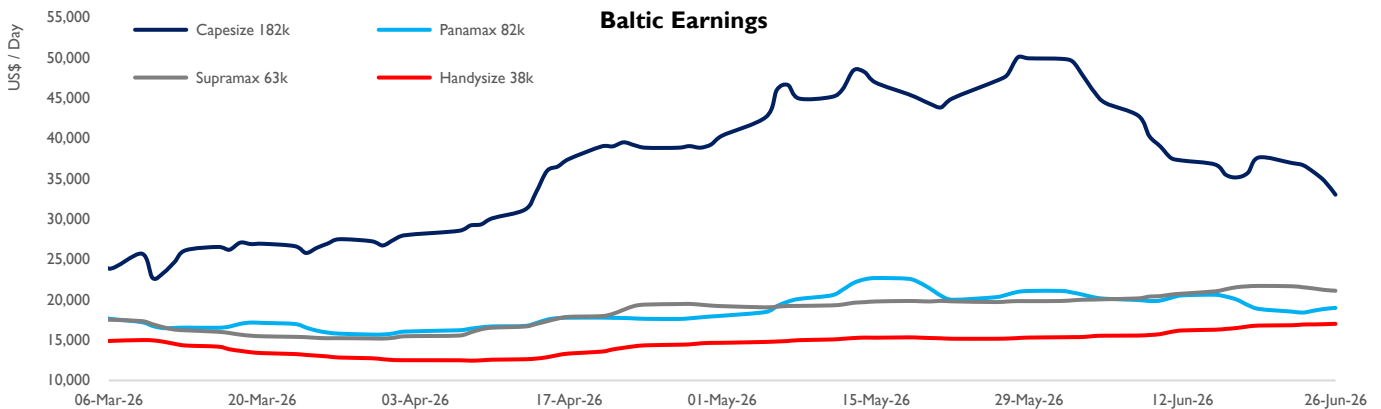
Dry Cargo Chartering

A very hot week, with record-breaking temperatures across Europe. While the shipping markets remained equally hot, something had to give, and the Capesize and Supramax markets cooled marginally towards the end of the week, as did the paper markets. The BDI closed this week at 2,524 points, down 198 points from last Friday, while the BCI closed at \$33,014, down \$4,617 over the same period. The **Capesize** market remains healthy, although downward pressure has been building in both basins during the week. In the Pacific, cargo volumes and tender activity remained healthy, but sentiment continued to soften. In the Atlantic, momentum also weakened, with C3 falling and a growing list of ballasters inbound putting pressure on rates.

The BPI closed today at \$18,990, up \$130 from last Friday. The **Panamax** market softened, then strengthened over the course of the week, ending on a positive note. In the Atlantic, prompt tonnage tightened following recent fixing activity, particularly in the North Continent, prompting charterers to bid up for nearby tonnage. Grain demand from East Coast South America remained steady, especially for forward dates, while a growing cargo book and short tonnage list continued to support fronthaul rates. In the Pacific, activity increased and sentiment strengthened, suggesting a floor may have been established. Owners were reported to be resisting lower bid levels despite ample tonnage availability, supported by the firm East Coast South America market. Period activity was also noted, with *Zoe* (75,005-dwt, 2013) fixing for 2-3 laden legs at \$18k/day, while *Ismene* (77,901 dwt, 2013) fixed with Paralo for 11-13 months at \$15.7k/day.

The BSI finished at \$21,115, down \$600 from last Friday. Confidence in the **Supramax** market dwindled due to a lack of enquiry across both basins. The Continent-Mediterranean market remained finely balanced, with little movement. The positive momentum in the US Gulf began to fade, with a decline in fresh enquiry alongside a healthy supply of available tonnage. Strong demand from the South Atlantic remained, although there were early signs that it may be hitting a ceiling in terms of demand. The Pacific market had a softer week, with sentiment weakening as fresh enquiry remained limited across most loading areas. North Asia started to soften with fewer export and NOPAC cargoes. Further south, Indonesian coal exports were fairly quiet, especially on routes to China, as demand fell sharply. It was heard that a Supramax open in Cambodia fixed at \$13.5k/day for coal via Indonesia to China.

The BHSI closed today at \$17,014, up \$210 since last Friday. The **Handysize** market remained largely steady, with limited fresh activity and little change in sentiment. In the Continent and Mediterranean, rates showed signs of firming on scrap demand, although overall activity remained limited; the *Devbulk Begum* (31,018-dwt, 2012) was reportedly fixed from Liverpool to Jorf Lasfar with scrap at \$17k/day. The South Atlantic and US Gulf maintained a firm outlook, with stable fundamentals and fixtures emerging above previous levels despite slightly quieter activity. In Asia and the Pacific, market conditions remained balanced and largely unchanged, keeping rates steady. However, healthy steel cargo demand continued to provide underlying support, helping to maintain stability despite the lack of momentum.



Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate (\$)	Charterers	Comment
Raga	95,666	2013	Zhoushan	30 June	China	\$15,500	Cosco	Via West Coast Australia
Wadi Alarish	82,234	2024	Phu My	24 June	Singapore-Japan	\$20,000	Pan Ocean	Via East C South America
Izabella M	79,141	2011	Zhanjiang	26/30 June	Philippines	\$11,000	Cnr	Via Indonesia
Peng Xiang Zhou	76,054	2019	Taeon	24 June	South Korea	\$12,900	Cnr	Via East Coast Australia
Shen Hua 801	75,331	2013	Sual	30 June	South Korea	\$13,000	Cnr	Via Indonesia
Alberta	62,958	2016	CJK	26 June	US Gulf	\$17,000	Chinaland	-
Nonaki	58,799	2012	Port Elizabeth	Early Jul	Continent	\$21,000	Oldendorff	-
ASP Frontier	57,298	2010	Sihanoukville	27 June	China	\$13,500	Tongli	Via Indonesia
Ionian Spirit	39,359	2016	Poland	Ppt	Luanda	\$16,000	Pacific Basin	-
An Hai Vincent	30,634	2017	Kaoshiung	25/26 Jun	Penang	\$17,000	Cnr	Via West Coast India

Exchange Rates	This week	Last week	Bunker Prices (US\$/tonne)	This week	Last week
1 USD	161.66 JPY	161.18 JPY	Singapore HSFO	464.0	476.0
1 USD	0.8768 EUR	0.8715 EUR	VLSFO	702.0	672.0
Brent Oil Price	This week	Last week	Rotterdam HSFO	466.0	494.0
USD per barrel	72.46	80.51	VLSFO	594.0	582.0

26 June 2026

Dry Bulk S&P

As Europe swelters in an early summer heatwave, the dry S&P market has plenty of heat in it too. The Turkish tanker owner, Besiktas Shipping, interviewed by TradeWinds this week, were asked why they are buying bulkers for the first time since 2007, and answered "the only reason we bought bulkers, frankly, is that tankers are really expensive now.". This explains a lot of recent activity in the dry market, with other sectors highly priced and income strong across most markets, there are plenty with cash to spend who believe dry offers a more interesting and attractive entry point than tankers or containers.

Rio Tinto have sold two more Newcastlemaxes, their fifth and sixth sales since the start of April. *RTM Columbus* and *RTM Dampier* (205,500-dwt, 2013&2012 HHIC Subic) are reportedly committed to Mercuria for \$88m enbloc, a price marginally below the price Yasa paid for the 2012 sisters in April. The earliest available newbuilding Newcastlemax berths in China are about three years away and there are few candidates being widely pushed in the market. There is not huge liquidity in this market, however since the start of 2025, the majority of secondhand Newcastlemaxes have been bought by buyers from Asia. The last few have found homes in Turkey or Switzerland; an interesting development, however it is hard to determine what it means at this stage, asides from different money having an optimistic view on large bulker fundamentals.

The other headline deal of the week is the *Lady Deena* (182,588-dwt 2020, JMU, scrubber-fitted), which has been sold for \$70m. This firm price continues a trend we have seen consistently of late, whenever modern Capesize tonnage is placed in the market, it nearly always sells for a price above previous benchmarks.

The rest of our sales table has a spread of transactions which seems similar to previous weeks. Greek buyers continue to pick up eco tonnage with Castor purchasing a wide beam Kamsarmax. Chinese buyers continue to buy Supras around 15 years of age with Zodiac's *Castlegate* (53,503-dwt, 2008 lwagi) reportedly sold for \$12.9m. *Unity Maria* (55,705-dwt, 2012 HMD) is also widely reported as sold for \$16.5m. The buyers have not emerged yet, however most folk with a penchant for gambling would place their bets on Chinese buyers for her too.

Near the foot of the table, the Chinese built Handysize *Avra I* (32,597-dwt, 2010 Jiangsu Zhengjiang) has supposedly fetched \$7.7m with SS passed and prompt delivery in West Africa. The price on the face of it seems soft, however we understand the vessel is sold with several conditions of class and having been stuck in West Africa for a while.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
RTM Columbus	205,514	2013	HHIC Subic	-	Mercuria	\$44.0m	Enbloc
RTM Dampier	205,449	2012		-		\$44.0m	
Lady Deena	182,588	2020	JMU	-	Chinese	\$70.0m	Scrubber fitted
Seacon Hamburg	85,505	2023	Huangpu Wenchong	-	Castor	\$37.50m	36m beam
Etron	81,080	2016	Jiangsu Jinling	-	Agricore	\$27.0m	Surveys due
Ocean Bright	56,032	2013	Mitsui	C 4x30T	Chinese	\$19.50m	
Unity Maria	55,705	2012	HMD	C 4x30T		\$16.50m	
Castlegate	53,503	2008	lwagi Zosen	C 4x31T	Chinese	\$12.90m	
Atlantic Star	37,065	2018	Oshima	C 4x30T		\$26.0m	
Avra I	32,597	2010	Jiangsu Zhenjiang	C 4x31T		\$7.70m	Prompt delivery
Praetorious	28,345	2008	Shimanami	C 4x31T	Vietnamese	\$8.60m	DD due 12/26



Tanker Commentary

As London faces an extended heatwave, there has been a small draught of tanker sale and purchase activity, but still plenty to keep the tanker community engaged. A brace of vintage MR2s have been sold, *Caroline* and *Lanikai* (45,999-dwt, 2002 STX Changwon) are reported to have been done for \$9.5m each, that is all we have report in terms of done deals.

Most in the market are waiting to see what happens over the next couple of weeks, which could explain the lull in activity. With more vessels transiting in and out of the Persian Gulf and an expectation of a huge increase in cargo volume, there still lies uncertainty about the realities of free passage. In the meantime, those who are able to safely make it in-and-out should be able to make fortunes.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
Lanikai	46,342	2002	STX	Chinese	\$9.50m	Enbloc
Caroline	45,999				\$9.50m	

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