

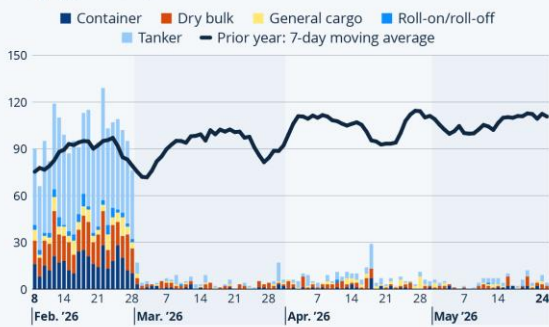


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## Ship Traffic in the Strait of Hormuz Has Virtually Stopped

Number of transit calls through the Strait of Hormuz, by type of ship



Source: IMF PortWatch

statista

Source: Statista

\*Brent has traded in the \$90-110 range since end Feb. Global inventories are being drained and will soon need restocking. Since Feb 28, China has cut its oil imports by 5m-bpd, drawing down stocks. Brent would be higher without this.

Total US oil inventories (commercial + SPR) fell 60mb or 7% from a peak of 880mb (beg Apr) to 820mb (mid May) and will have fallen further since. The SPR fell 14% from 415mb at end Feb to 357mb at end May, half of its 714mb capacity.

\*\*440kg of 60% enriched uranium, 11 tons of less enriched uranium, tolls, sanctions, reparations, \$24bn in frozen assets, war in Lebanon, support of proxies, etc.. That is a lot to negotiate. What will be an agreeable sequence?

^Russia is rumoured to be providing targeting intelligence and advanced drone pilots and training to the IRGC, while China is said to be supplying components for Shahed drones used by both Iran, its proxies, and Russia.

^^On Monday, after Iran ended the talks, Trump said he had 'spoken' to Bibi and that no Israeli troops will go to Beirut (never the plan anyway) and he talked to Hezbollah (via representatives) who said they would stop firing rockets at Israel.

Late Monday, Hezbollah and Israel agreed to 'scale back' fighting, with Israel cancelling its air strikes on Lebanon on condition that Hezbollah cease its attacks on its northern cities. Trump proclaimed: "all shooting will stop". It hasn't ...

Trump has lost control. Tehran demands an end to hostilities in Lebanon and an IDF retreat to pre-war lines as a precondition for further talks, and it wants sanctions relief and release of frozen assets in exchange for Hormuz reopening.

## POINTS OF VIEW

Talks about talks are over. Trump has often declared that a peace deal is near, and that Iran really wants one, and then nothing happens. Oil prices drop and then rebound. It is unclear why the president persists with false optimism. Humans trading markets may just yawn but bots trading markets react in a binary buy-sell manner, as they are programmed to do. It all looks like market manipulation and should be investigated by regulators.\* End week are peace days while start week are war days and, typically, oil prices fall on Friday and rebound on Monday. This stuff is tradeable. Last weekend's price gyrations happened amidst renewed US-Iran clashes near Hormuz just as Israel was intensifying its strikes against Hezbollah in Lebanon. Gasoline forecourts in the US cannot reprice based on 48 hours of a large price drop so it is of little practical use to US motorists, but it is heaven-sent for US hedge funds. Americans may begin to ask why they are being consistently misinformed and start to rely more on Iran's Fars news agency than fake news from the White House. It is a bit like Trump taking Putin's personal word over the advice of his own US intelligence services. Iranians are suffering immensely with 84% annual inflation as the US blockade is effective in cutting its oil and gas exports and food and medical imports. The repressive regime does not care. It is resolute in the knowledge that its closure of the Strait of Hormuz is causing economic problems around the world, for which Tehran can simply blame the US and Israel for launching their joint attacks on Feb 28. There is a pressing need to end the twin blockades, but each expects the other to go first, providing an immediate sequencing problem. Major issues remain. All-out war may yet return.\*\*

If Trump is forced to reluctantly resume all-out war on Iran, then the risks are enormous, especially if it involves deploying ground troops. Tehran, with 70% of its missiles and 90% of its launch sites intact, will undoubtedly ramp up attacks on US bases and the energy and tourism infrastructure of its Arab allies. This might even provoke a direct military reply from leading Arab states, testing their weaponry, and China and Russia may emerge from the shadows in direct support of Iran.^ Such an escalation would begin to look scary global in nature. Press attention has largely been diverted away from Ukraine by events in Iran, Lebanon and Gaza although we have just witnessed a provocative Russian drone attack on the Danube port of Galati in Romania. Nato was quick to view it as accidental and not of a sustained nature that could demand invoking Article 5. Of concern, this happened just after the Kremlin had given authorisation for Russian troops to be deployed overseas to protect Russian interests (reminiscent of 2014's little green men). On Monday, Iran terminated peace talks with the US following continued Israeli air strikes on Lebanon which are seen as a violation of the ceasefire. It will tighten its control of Hormuz and threatens to extend this to the Red Sea's Bab El-Mandeb, by activating Yemen's Houthis, closing both the MEG and the Red Sea to commercial seaborne traffic. This amounts to a major blow for the US after 100 days of war and 60 days of peace talks. Brent gained 5% after the news broke on Monday afternoon. The bots are working hard, humans less so. Ending the ceasefire would remove the first building block in peace talks, hence both sides pretending not to have violated it, and remove constraints on a return to all-out war.

The situation in Lebanon was already escalating as Hezbollah fired more rockets into northern Israel and the IDF responded with ground troops in southern Lebanon.^ The standoff in Iran continues with Washington and Tehran each believing that it can outlast the other. Iran might even be enjoying its newfound power and may prefer endless war to pointless diplomacy, seeing greater political danger in compromise than in confrontation. Negotiators on each side know that any concessions will be politically unacceptable and will not be signed off by their respective leaders, so we have a diplomatic impasse that obstructs the road to peace. Domestic audiences demand that each side claim victory, but neither will allow the other to do so. Failure could see Trump ousted as president and even harder-liners replacing today's Iranian leadership. In the Iran-Iraq war of 1980-1988 it took Ayatollah Khomeini eight years to accept a ceasefire which he described as akin to "drinking a cup of poison". This diplomatic quagmire could still morph into a losing military one if a reluctant return to war is the only way to unblock the sink. But a lack of critical munitions, fear of deploying ground troops, and a rising loss of US public approval may stay Trump's hand. If Suez and the 'gate of tears' (BEM) are both closed to traffic, then even more oil will be shut in as Saudi loses its Yanbu workaround and less oil will make it to market. This means higher oil prices, less crude oil and refined oil products to keep tankers employed, and a much longer window to recovery after all the damage that will be done to oil fields and to oil and gas infrastructure. The S&P 500 would end its long winning streak as global recession looms into view (see OECD). The market may even peak with the pricey June 11 SpaceX IPO that risks stock indices experiencing gravitational pull while bond yields and interest rates skyrocket. If it happens, it will be hard to DOGE it.

## Dry Cargo Chartering

This week the drybulk market has been noticeably quiet due to the activities taking place in Athens, although sentiment remains optimistic for high levels of activity next week. The BDI closed today at 2,981, down 243 points since last Friday, while the BCI closed at \$44,374, down \$5,540 over the same period. The **Capesize** market closed the week on a softer footing, with a noticeable loss of momentum compared with the recent stretch. In the Pacific, sentiment remained weak throughout, with C5 volumes lower than previously observed. The North Atlantic displayed early signs of resilience, but support gradually eroded, resulting in softer conditions by the end of the week.

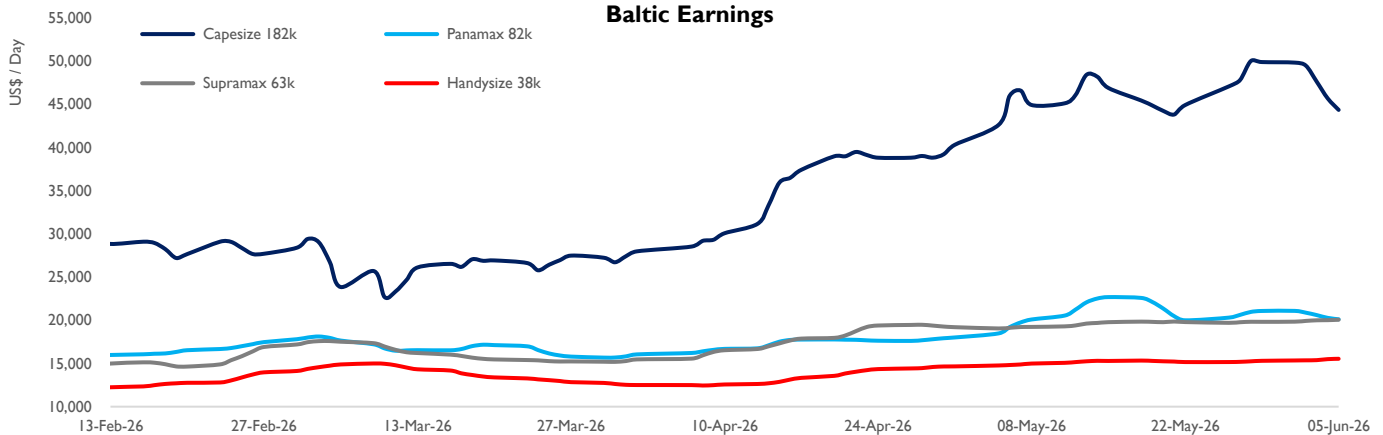
The BPI closed today at \$20,121, down \$965 since last Friday. The **Panamax** market also ended the week on a softer note. In the Pacific, steady export volumes from Indonesia and Australia provided some initial support. However, owners remained reluctant to accept significant rate reductions, widening the bid-offer gap and limiting fixture activity. In the Atlantic, a growing tonnage list, particularly in the North Continent, combined with a limited cargo base, placed downward pressure on rates.

The BSI closed today at \$20,067, up \$240 since last Friday. It was generally a firmer week for **Supramax**. The Atlantic basin maintained a positive undertone led by continued strength in the US

Gulf and healthy activity from South America. The Pacific showed early signs of recovery as enquiry improved and sentiment gradually strengthened. Although fixture visibility remained limited due to industry events and reduced participation, underlying sentiment improved across most regions, with owners gaining confidence in both basins.

The BHSI finished at \$15,546, up \$234 since last Friday. The **Handy** market ended the week showing a marked contrast between the two basins. In the Atlantic, trading activity remained limited, with the Continent and Mediterranean staying relatively quiet compared to the South Atlantic, a trend that has been consistent throughout the year. Meanwhile, the South Atlantic remained firm, supported by ample vessel availability and ongoing cargo demand. Reflecting prevailing market sentiment, *Amber Confidence* (37,720 dwt, 2020) fixed APS Up River for redelivery Peru at \$26,500 with ADMI. The Pacific market remained firmly supported, with sentiment staying constructive amid healthy demand fundamentals and a tight tonnage balance. The Australian market continued to strengthen, providing additional support to freight levels and driving rates higher for vessels operating within the Pacific basin. With market participants gradually returning from regional holidays, sentiment for next week remains optimistic.

**Baltic Earnings**



**Representative Dry Cargo Market Fixtures**

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate (\$)	Charterers	Comment
BBG Journey	82,204	2017	Tomogashiima	5/6 June	S China	\$25,500	Dongnan	Via East Australia
Royal Kaleido	80,871	2019	Hibikinada	10 June	Singapore-Japan	\$24,000	Cnr	Via Australia
Wan Ying B	76,728	2006	Hong Kong	6/10 June	S China	\$17,800	Cnr	Via Indonesia
Shen Hua 802	75,381	2013	Hong Kong	5/10 June	S China	\$21,000	Cnr	Via Indonesia
Aeneas	75,038	2013	Dung Quat	8/11 June	Philippines	\$20,000	Cnr	Via Indonesia
ETG Ubuntu	64,195	2022	SW Pass	5 June	WC Central America	\$29,500	MOL	-
Star Halifax	63,614	2020	Koh Sichang	Ppt	Thailand	\$17,000	Via Indonesia	-
Pelican Island	57,905	2014	Gibraltar	Ppt	Tema	\$16,000	NMC	Via Garrucha
Sea Hope	37,687	2015	Sendai	Ppt	Penang	\$16,000	Seanet	Via EC india
Navi Sun	34,398	2015	Laem Chabang	3/6 Jul	US Gulf	\$15,050	Drydel	-

Exchange Rates	This week	Last week	Bunker Prices (US\$/tonne)	This week	Last week
1 USD	160.27 JPY	159.25 JPY	Singapore HSFO	642.0	594.0
1 USD	0.8657 EUR	0.8587 EUR	VLSFO	794.0	757.0
Brent Oil Price	This week	Last week	Rotterdam HSFO	607.0	591.0
USD per barrel	93.50	91.92	VLSFO	702.0	703.0

5 June 2026

### Dry Bulk S&P

To round off Posidonia 2026 and the start of the test cricket summer, there are only a small number of transactions to report this week.

Opening the sales tables this week we have our only non geared sale, coming in the form of *Kerkis* (176,862-dwt, 2007 Namura) which sold for around \$25.5m. Last week we saw the en-bloc sale of the scrubber fitted pair *Maran Happiness & Maran Argonaut* (2008 & 2009 SVS) for around \$30m each. Given we are comparing Japanese and Chinese-built ships, the *Kerkis* price does look slightly weak against the SVS duo, however both of these ships benefitted from good survey positions whereas *Kerkis* has special survey due in November. With current cape earnings in excess of \$40k/day of late and Q4 typically being the most profitable period for the sector, the softer price comes at no surprise.

Further down the order we have a trio of Supramaxes. Most notable of these is the Diamond 53 design *Tianjin Venture* (53,600-dwt, 2009 Chengxi) has sold for \$12.2m. This is a big jump against last done. Two weeks ago we reported the sale of *Africa Hope*

(53,416-dwt, 2009 Sinopacific Dayang), a Crown 53 which sold for high \$10m with drydock due in December. The \$1.4m gap represents the better docking positions and the relentless rise in values of late.

And finally, bringing up the tail, we have our youngest sale of the week. The debutant, *Seacon Colombo* (40,400-dwt, 2026 Jiangsu Dajin) which sold for \$35.62m with delivery this month straight out the yard. This is a very strong price, a comparable newbuild for delivery in 2028-29 would be ~\$30m. It also represents how tricky it is now becoming to get hold of decent Handysize newbuilds, Japanese yards are expensive and fully booked for years, whilst most Chinese yards now prefer to focus on Ultramaxs, in which case paying up for a resale becomes a lot more logical.

#### Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
<i>Kerkis</i>	176,862	2007	Namura	-	Chinese	\$25.50m	Surveys due 11/26
<i>Tianjin Venture</i>	53,600	2009	Chengxi	C 4x36T		\$12.20m	
<i>AE Mars</i>	53,630	2006	Yangzhou Dayang	C 4x35T	Chinese	\$9.05m	Sold via online bidding Surveys due 08/26
<i>Poles</i>	50,341	2002	Kawasaki	C 4x31T		\$8.50m	
<i>Seacon Colombo</i>	40,400	2026	Jiangsu Dajin	C 4x30T	Jaohar	\$35.62m	Delivery prompt ex-yard
<i>Beetle</i>	28,198	2012	Imabari	C 4x31T		\$12.60m	



## Tanker Commentary

It has been a subdued week of sales in the tanker market this week, which comes as no surprise with huge swathes of people heading to Athens for Posidonia, where the focus was fully set on newbuildings rather than second hand tonnage.

The pair sold both are both vintage J19 chemical tankers, both sales illustrating stronger pricing in recent weeks. The younger of the two, *Chem Mia* (19,702-dwt, 2008 Fukuoka) has been sold at \$17.9m with drydocking due. This is a step up on the same aged *MTM Hamburg* (20,564-dwt, 2008 Kitanihon), which sold for \$17m at the end of May and also had surveys approaching later this year.

Meanwhile, *Nobler* (19,949-dwt, 2002 Usuki) has found buyers at \$10m. This is a firm price when compared to the two-year older *YC Azalea* (19,997-dwt, 2004 Shin Kurushima) which achieved \$10.75m in mid-April.

### Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
Chem Mia	19,702	2008	Fukuoka		\$17.90m	STST – DD due 11/26
Nobler	19,949	2002	Usuki		\$10.0m	STST

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