HARTLAND
SHIPPING SERVICES

10 July 2026

WEEKLY COMMENTARY

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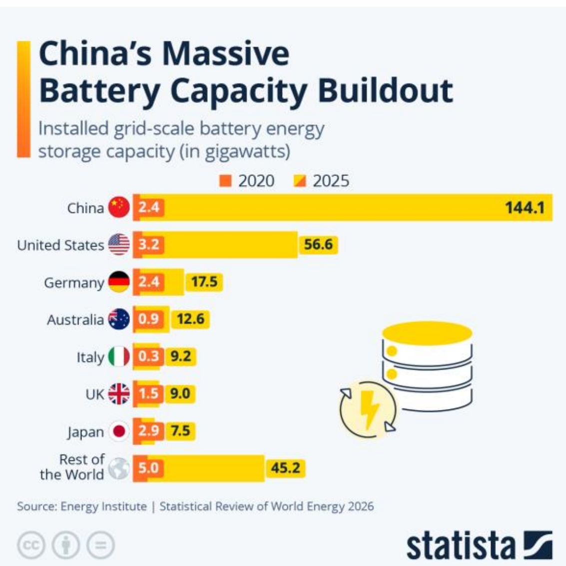


Source : Statista

* Various news sources reported that on Tuesday three vessels were hit, including a Qatari LNG carrier and a Bahri VLCC.

^ The Oxford Institute for Energy Studies published a report titled *"The Domestic and Global Impact of Ukraine's Attacks on Russian Oil Infrastructure"*, available here: *https://www.oxfordenergy.org/publication-topic/energy-comments/*

For more on the fuel crisis there are various reports this week, including the FT's *"How Ukraine's drones brought war home to 50mn Russians"*. It includes reports that Cossacks in traditional fur hats are being deployed to keep order at petrol stations. Most regions of Russian have now declared fuel emergencies, with rationing and coupons being used in some areas.

On Friday afternoon, Ukraine have claimed more successful attacks on further Russian refineries and tonnage.

** The International Institute for Strategic Studies published a report titled: *"Russia's UAV Campaign Over Europe"*, available here: *https://www.iiss.org/research-paper/2026/06/russias-uav-campaign-over-europe/*

^^ Estimates of 2028 fleet growth are educated guesses this far out. The figures are a mixture of today's orderbook, estimates for future orders, and some potential slippage/cancellations.

Note, the estimates for deliveries as a % of the fleet, are based on how large we expect the fleets to be at the end of 2027, not today's fleets.

POINTS OF VIEW

The Memorandum of Understanding has predictably fallen apart. The "deal" that solved little and kicked the can on the thorniest issues, was at least supposed to secure 60 days of toll-free safe transits through the Strait. Iran's nukes and long-term regional peace could wait. Transits had been picking up since the MoU was signed, even though early numbers were inflated by ships escaping the Gulf, rather than a full return to normality, it was a start. Transits have dropped since the fighting restarted, and it appears we are back to where we were a few weeks ago. Iran wants long-term control of the Strait, which is why it has been keen to prevent ships using the Omani channel. This resulted in attacks on three ships, reportedly including a Bahri VLCC hit by a drone. This proved to be a step too far even for the recently gun-shy US President, leading to rounds of tit-for-tat attacks each night, that are at the time of writing still ongoing. Neither side really wants a return to all out war, but the diplomatic gap is vast and neither can accept a peace that would be tolerable to the other. A stop-start cycle seems the most likely outcome for now: fragile ceasefires (but no agreement on key matters) lead to partial reopenings, interspersed with flare-ups short of a full-blown war, before both sides back off, and repeat. Or maybe, one side pushes the other too far and we are back to all out war. *

The US-Iran conflict is not the only one wreaking havoc on energy markets. Increasingly long-range and effective Ukrainian drone attacks on oil refineries, are grinding the Kremlin war machine to a halt. An Oxford Energy study this week said that 24 of the 34 refineries in Russia were hit in the first half of 2026, several on multiple occasions. A third of Russian refining capacity was offline in mid June. Refinery runs are below 3.8mbpd, down from just under 5mbpd. Attacks have also extended to tankers exporting crude too, this week's included a Suezmax from the CPC terminal in Novorossiysk and several small tankers shipping fuel to occupied Crimea. The peninsula has in effect become an island, cut off and isolated. The crisis has spread nationwide: the world's second largest oil producer now has queues at petrol stations and fuel rationing. On Wednesday it banned diesel exports, and is already having to import instead. Traditionally Russia has been a key product exporter, 2.5-3.0mbpd until attacks began in 2025, including well over 0.5mbpd of diesel. June exports dropped to 1.6mbpd, with 0.3mbpd of diesel. The shortage is due to what the Russian government call "unscheduled maintenance" at refineries. Russian drones have hampered grain exports from Odesa for years, now the boot is on the other foot. ^

Not too long ago the 2020s seemed like a decade of immense technological possibility that could transform shipping. Perhaps ammonia would fuel decarbonisation, or renewable energy roll-outs would decimate fossil fuel trades? At the more ambitious end, nuclear-powered commercial ships may have moved from pipedream to reality, or unmanned autonomous shipping could be rolled-out. None of these have necessarily failed, but the biggest tech disruption so far has been the rise of drone warfare. Cheap, mass produced and fired remotely with decentralised command chains, drones have closed Hormuz, made the Red Sea a no-go zone for many sending containers around the Cape, and upended Baltic and Black Sea trades. Military experts say it may fundamentally alter the nature of warfare, making asymmetric campaigns tougher to stamp out. There is no end in sight to these conflicts, shipping has not seen the end of drone-disruption at these chokepoints or elsewhere. Another report this week analysed numerous drone incursions over UK and European military and infrastructure sites, concluding that many were launched from Russian-linked commercial shadow fleet ships. It is also worth watching the use of drones by insurgents in East and West Africa, and in any future conflict in the South China Sea. **

Shipowners have no control over drone warfare and the chaos impacting trade flows, but they do have collective responsibility for the supply-side. Rates are strong in every sector, values are at multi-year highs but nagging at the back of some minds is a fear of what lies ahead. There are now 300 VLCCs on order, and the container orderbook is approaching 40% of the fleet. How bad can it get? This year and 2027 do not look ideal, but broadly manageable. 2028 is riskier when much of the ongoing build-out of yard capacity in China comes online. Our early estimates are that 2028 deliveries (i.e. before demolitions) will equate to around 5% fleet growth for bulkers, but a whopping 13% for containers, with tankers in the middle. Barring a scrapping miracle by the start of 2029 the container fleet will be two-thirds larger than it was at the start of 2023. Whilst replacing older fleets offers justifiable comfort, scrapping does not happen instantly, weak rates are needed to rebalance supply. Disruption has made old school supply-demand analysis unfashionable, but the reason the chaos has had such a dramatic effect on rates, is because there has been so little supply-side slack. Containers and crude will have demons to conquer at some point, bulkers and product tankers have avoided the worst excesses so far. ^^

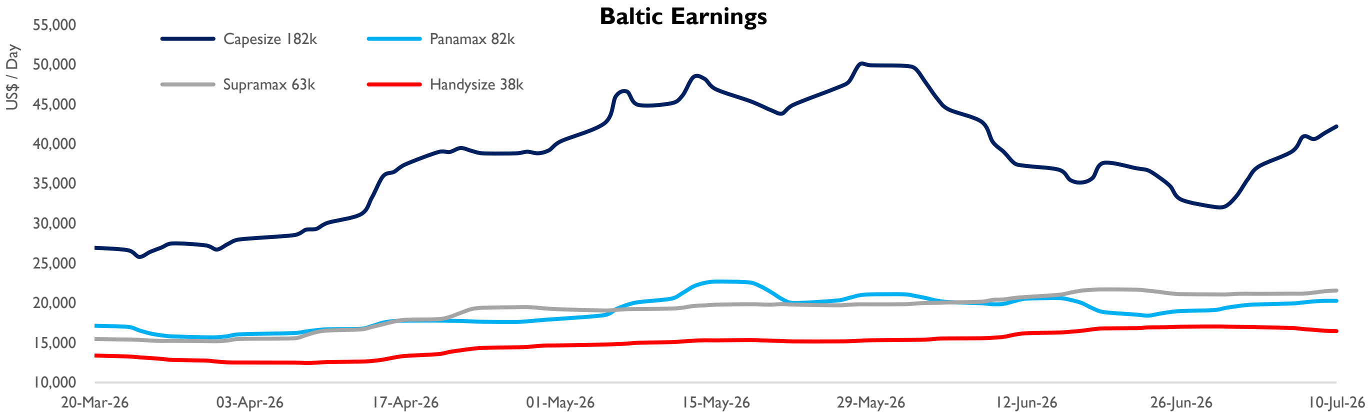
Dry Cargo Chartering

The BDI closed today at 2,944 up 227 points since last Friday. This week the dry market put in a strong performance. Super Typhoon Bavi is approaching China and likely to cause significant disruption. The BCI closed today at $42,214 up $5,033 since last Friday. The **Capesize** market ended the week with sentiment remaining broadly positive. The Pacific continued to provide the primary support, with a steady flow of Australian iron ore. Typhoon Bavi has also lent support to the market by tightening vessel supply. The Atlantic experienced robust demand for South Brazil and West Africa to China cargoes, with fixing activity reported in the $33/t range by the end of the week.

The BPI closed at $20,273 up $448 since last Friday. The **Panamax** market maintained its firm level from last week but struggled to make further progress. Busy activity was seen in the North Atlantic at the start of the week, although this gradually tapered off. Strong support came from the South America grain trades, with an 82,000-dwt vessel fixed from the Continent to the Far East at $30,750. In the Pacific, the main drivers were the NoPac and Australia trades, with an 82,000-dwt vessel fixed for a Japan delivery via the NoPac with grains at $20,000.

The BSI closed today at $21,570 up $417 since last Friday. The **Supra/Ultramax** market delivered a varying performance this week. Strength in the US Gulf, ECSA and West Africa was supported by healthy demand and tightening tonnage. *Fabulous Diva* (63 2024) open Mobile 7 Jul fixed for delivery Nola redel New Zealand with grains $33,000 by Western Bulk Carriers, whilst *Tymfi* (63,629 2021) Houston 21 Jul fixed delivery SW Pass trip India with petcoke at $38,500 by the same charterer, both strong rates, with India commanding the larger premium. The Pacific market remained flat this week. While NoPac remained broadly balanced and rates held around recent levels, fresh enquiry was limited. In general, business went to India/Bangladesh and North China backhaul cargo remained the key support. However, with Bavi incoming it is likely that tonnage supply may run tight in the short term which could give a push to an already strong market.

The BHSI closed this week at $16,466 down $494 since last Friday. Overall sentiment remained cautiously soft across the **Handysize** market, although resilient demand in several load areas continued to provide underlying support. In the Atlantic, the Continent and Mediterranean remained broadly stable, with rates largely holding at recent levels despite little sign of a wider recovery. A 35,000-dwt vessel was reported fixed basis delivery Lower Baltic with a clean cargo to the East Mediterranean at $12,500. In the South Atlantic and US Gulf, fresh enquiry remained limited, although improving cargo visibility would help absorb the current oversupply of prompt tonnage and restore market balance. The US Gulf still achieved healthy levels for Trans-Atlantic trips, *Aegean Spirit* (38,898-dwt, 2016) fixed delivery South-West Pass for a trip to Cont/UK at $ 20,500 with Lauritzen. The Pacific market also remained relatively steady despite subdued activity. While prompt tonnage continued to build across the basin, demand has remained sufficient to prevent any sharp correction. Looking ahead, the market is monitoring Typhoon Bavi closely for any impact on supply.



Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate ($)	Charterers	Comment
Xing Huan Hai	84,998	2022	Caofeidian	13/16 Jul	China	$18,000	RTSA	Via Weipa
Antares	81,118	2015	Lanqiao	10 Jul	South Korea	$15,000	Wooyang	Via Gladstone
Guang Xin	76,377	2017	Huilai	11/13 Jul	China	$16,000	PPT	Via EC Australia
Ocean Lorry	75,658	2012	Maominf	26 Jun	Singapore-Japan	$19,000	Reachy	Via EC South America
Da Tang 712	75,509	2012	Sual	7 Jul	S China	$16,500	Topsheen	Via Indonesia
KL Wings	63,699	2025	Ulsan	14/17 Jul	Brazil	$15,000	GE Ocean	Split rate after 70 days $22,000
Vita Olympic	61,296	2016	Panjang	10 Jul	China	$18,500	Cnr	Via Indonesia
Zhe Hai 525	57,283	2011	Bahudopi	Ppt	China	$18200	Cnr	Via Philippines
Ocean Flora	37,609	2019	Penang	Ppt	Singapore	$17,250	Cnr	Via Bangladesh
Sea Moon	28,494	2002	SW Pass	Ppt	EC Mexico	$16,000	Centurion	-

Exchange Rates		This week	Last week
	1 USD	161.37 JPY	161.28 JPY
	1 USD	0.8743 EUR	0.8740 EUR

Brent Oil Price	This week	Last week
USD per barrel	75.73	72.05

Bunker Prices (US$/tonne)	This week	Last week
Singapore HSFO	475.0	447.0
VLSFO	673.0	654.0
Rotterdam HSFO	468.0	451.0
VLSFO	594.0	581.0

Dry Bulk S&P

The S&P market does not always produce similar sales at the same time to easily flag variables which drive pricing, however this week two similar Chinese Post-Panamaxes have sold. One is charter free and one with charter attached. Meanwhile two same age, similar dwt Ultramaxes have changed hands too, one built in China and the other in Japan.

As a very rough rule of thumb, S&P annual depreciation or appreciation is approximately 5-6%. The $3.25mill gap between *Ocean Rhea* (92,648-dwt, 2011 Jinling) sold at $15.25m and *Yangze 905* (93,217-dwt, 2010 YZJ) for $12.0m is significantly larger than that. *Yangze 905* sold with a TC attached at $12k/day which immediately limits future earnings versus the TC-free surveys passed *Ocean Rhea* whose new buyers will hope to hit the ground (Ocean?!) running with significantly higher earnings from the get-go with a freshly docked vessel.

The Ultramaxes also highlight the premium commanded by a Japanese vessel with surveys passed versus Chinese with SS due. Despite being the same age and similar dwt, *Wooyang Belos* (63,590-dwt, 2016 Shin Kasado) has reportedly fetched $30.7m with prompt delivery and SS freshly passed whereas *Ocean Ambitious* (63,577-dwt, 2016 CSC Jiangsu) achieved approximately $26m with prompt delivery and SS due. If we allow a million dollar premium for SS passed versus due, then a premium for Japanese over Chinese ultra falls at somewhere in the low double digits percentages. For older designs this is above 20%*, which is an indication of how the improving quality of both build and designs in China over the years has closed the gap to Japan.

Finally, it feels remiss to not mention that Chinese buyers continue to buy older Supramaxes with two further vessels reportedly being sold into the Chinese market.

**I.e. a Mitsui 56 or Tess 58 vs a Dolphin 57, however build and maintenance quality varies greatly within the dolphins and the spread in pricing makes it hard to standardise benchmarks.*

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
Ocean Rhea	92,648	2011	CSC Jinling	-	Chinese	$15.25m	Delivery September Surveys passed
Yangze 905	93,217	2010	Jiangsu New YZJ	-	Modion	$12.0m	TC attached until early 2027 at 12k pd
Wooyang Belos	63,590	2016	Shin Kasado	C 4x31T		$30.70m	Surveys passed
Ocean Ambitious	63,577	2016	CIC Jiangsu	C 4x30T	Besiktas	$26.0m	Surveys due
Blue Akihabara	61,630	2014	NACKS	C 4x30T		$25.10m	
Everest	57,480	2012	STX (Jinhae)	C 4x36T	Chinese	$15.60m	
Ocean Hiryu	52,982	2003	Oshima	C 4x30T	Chinese	$7.90m	

Tanker Commentary

As the turbulence in the Persian Gulf shows no immediate sign of settling, most vessels have seemingly stopped transiting the Strait of Hormuz again. During a brief respite in hostilities witnessed in previous weeks, a large lumber of ships have managed to exit the region safely. There are no tanker sales to report this week, perhaps a reflection of the uncertainty in the sector at present.

With no sales to report, newbuilding stays in the spotlight in the tanker sector. Removing dark fleet VLCCs and ships over 15 years old, the VLCC fleet on the water sits at around 550 vessels. With an orderbook now hitting exactly 300 vessels, this equates to an orderbook/fleet ratio of over 50%, for conventional oil-major friendly tonnage. Meanwhile, in the product space Asyad Shipping have ordered 6 MR2s at Hyundai Heavy Industries for $51.3m each with delivery from 2029.

There are no tanker sales to report this week

Monthly Newbuild Update (July 2026)

Despite the optimism of recent years, momentum behind alternative fuels appears to have stalled. The current surge in recent ordering has been notable for how little alternative fuels have been chosen. A key juncture was the opposition to the IMO's Net Zero Framework regulations at last October's MEPC. Had they passed, the NZF would have supported alternative fuel economics and accelerated adoption. This is clear when comparing the orderbooks of today and eighteen months ago. Across the core sectors, only 35% of today's orderbook (GT terms) is alternative-fuel capable. This ratio has fallen from 38% in Jan-25, and a peak of 41% in Sep-25. LNG remains the dominant alternative for containers, but there is debate about its green merits. Beyond containers, its uptake remains limited. In crude tankers, the deluge of contracts in Q4-25 and 1H-26 have been almost entirely for conventional fuel, the LNG share of the crude OB has fallen from 15% to 7% today.

Of the other options, methanol has seen a collapse. Its share of the container orderbook has fallen, from 24% to 14%, which was the only sector that had shown much appetite for it. Ammonia ordering, outside of the VLAC sector, has remained almost non-existent, with concerns over safety and cost. For alternative fuels to work, they need decent scale at prices closer to fuel oil, which is far from being the case. The recent spike in bunker prices when the Iran war broke out, was a reminder of the sensitivity of bunker costs and supply. Even the $1,500/t levels VLSFO briefly reached in some ports, is cheaper than the energy-adjusted costs of green methanol or ammonia. The only realistic route to change remains regulation incentivising alternative fuels. The next MEPC is scheduled for November, and may see the NTZ voted on. However, US opposition will remain and a more likely outcome may be far weaker legislation, removing much or all of the economic incentive for alternative fuels.

Drybulk Orderbook

As of the start of July 2026	Capesize (>100,000-dwt) #	Capesize M-dwt	Panamax (69-99,999-dwt) #	Panamax M-dwt	Supra/Ultramax (45-68,999-dwt) #	Supra/Ultramax M-dwt	Handysize (25-44,999-dwt) #	Handysize M-dwt	Total #	Total M-dwt
2026	36	7.6	91	7.6	98	6.2	76	3.1	301	24.4
2027	88	18.3	161	13.4	209	13.2	96	3.9	554	48.8
2028+	178	38.2	213	17.8	242	15.5	114	4.0	747	75.5
Total	**302**	**64.0**	**465**	**38.8**	**549**	**34.8**	**286**	**11.0**	**1,602**	**148.6**
OB as % Fleet	**14.6%**	**15.6%**	**13.5%**	**13.9%**	**12.4%**	**13.6%**	**9.0%**	**9.9%**	**12.2%**	**14.1%**

Crude Tankers Orderbook

As of the start of July 2026	Aframax (80-120k-dwt) #	Aframax M-dwt	Suezmax (120-200k-dwt) #	Suezmax M-dwt	VLCC (200k-dwt +) #	VLCC M-dwt	Crude Total #	Crude Total M-dwt
2026	8	0.9	22	3.4	14	4.3	44	8.7
2027	20	2.3	56	8.8	68	21.0	144	32.1
2028+	18	2.1	137	21.5	218	67.4	373	91.0
Total	**46**	**5.3**	**215**	**33.8**	**300**	**92.7**	**561**	**131.8**
OB as % Fleet	**6.7%**	**6.9%**	**30.5%**	**30.7%**	**32.5%**	**32.6%**	**24.2%**	**28.0%**

Product Tankers Orderbook

As of the start of July 2026	Handy (30-41k-dwt) #	Handy M-dwt	MR (41-60k-dwt) #	MR M-dwt	LR1 (60-80k-dwt) #	LR1 M-dwt	LR2 (80k-dwt +) #	LR2 M-dwt	Product Total #	Product Total M-dwt
2026	7	0.2	59	2.9	10	0.7	24	2.7	100	6.7
2027	10	0.4	103	5.1	27	2.0	64	7.3	204	14.8
2028+	14	0.6	121	6.0	19	1.4	108	12.3	262	20.2
Total	**31**	**1.2**	**283**	**14.0**	**56**	**4.1**	**196**	**22.4**	**566**	**41.7**
OB as % Fleet	**6.1%**	**6.3%**	**15.8%**	**15.9%**	**14.4%**	**14.3%**	**35.6%**	**36.6%**	**17.4%**	**21.2%**

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