HARTLAND SHIPPING SERVICES

WEEKLY COMMENTARY

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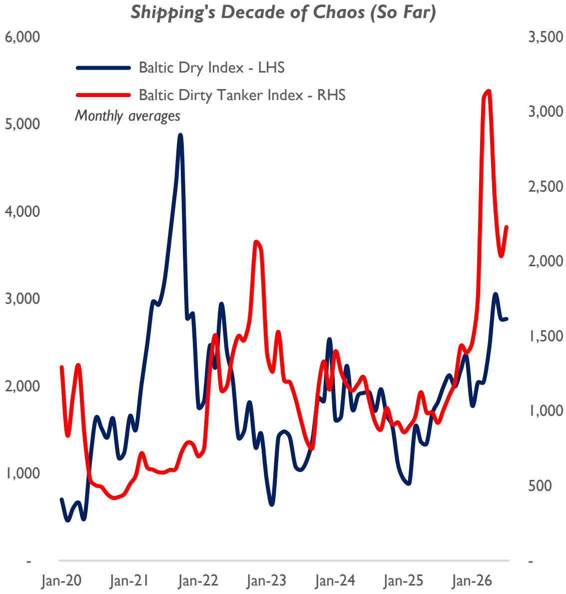


Source : Baltic Exchange

POINTS OF VIEW

A common theme in our reports of late has been events: tariffs, sanctions and war, some ongoing, others on hold, and those that are yet to happen. The old adage that chaos and disruption is good for shipping, has held true. Shipowners are on their best run since 2008. That boom was, to simplify slightly, driven by Chinese commodity demand growing faster than a fleet could be built to serve it. Recent booms are less simple. They have been spikier, more volatile, reaching even greater heights than 2006-08, and driven by *disruption* or *inefficiency*, not runaway commodity demand. Not everyone in shipping has been a winner though, an obvious exception must be acknowledged. Seafarer deaths in the Black Sea (23 in July) and the Middle East are rising, not forgetting the toll of long stints at sea or in quarantine during Covid.* It is worth briefly recapping shipping's decade of chaos so far. It began in the final weeks of 2019 when US sanctions on some COSCO entities briefly sent VLCC rates to $300k/day. Soon afterwards, a novel virus began to spread in Wuhan.

Just as the world was getting back to normal, Russian forces marched on Kyiv, triggering an energy crisis. In 2023, the October 7th attacks began a chain of events that have scarred the Middle East. The Houthi hijacking of the Galaxy Leader followed shortly afterwards, the first of a series of on-off attacks that mean Bab-el-Mandeb is still closed to many today. Whilst the Suez Canal was choked, on the other side of the world, Panama Canal transits were limited due to a lack of rain. Trump's return in Jan-25 was followed by Liberation Day and a wall of tariffs. For shipowners there was also US charges on Chinese ships, with China briefly introducing reciprocal fees. A US-China trade truce and a series of trade deals offered brief hope that things may settle down heading into 2026. This was soon ended by the US capture of Maduro in January, hubris ensued and the attack on Iran opened Pandora's box. Ongoing negotiations suggest this may not be closed without signing over control of one or even two key chokepoint(s) to terrorists.^ Meanwhile Russia and Ukraine's attacks on one another's energy facilities and ports are intensifying. There have always been disruptive events, and shipping has always been affected by them. Perhaps it is recency bias, disruptive events happened pre-2020, but it feels like they are now more frequent as the world becomes more geopolitically fragile. Add in the effects of climate change and a backlash against globalisation and it is a potent mix.

There is also a more boring factor to consider: vessel supply. Had the 2010-19 decade seen this much upheaval, it is unlikely that markets would have reacted as dramatically, they were oversupplied, there was slack in the fleet that could adapt to a sudden jump in utilisation, without spiking rates. However, as supply gradually tightened, the scope for booms increased, just needing a spark to light the fuse. *Disruption* and *inefficiency* are convenient albeit catch-all terms, to explain freight market impacts beyond the simplicity of supply-demand equations, tonnage vs tonnes. Some of these are slightly easier to frame. For example, Red Sea attacks meant longer tonne-miles via the CoGH on the largest container trade lane: Far East – Europe. Other examples are trickier to frame in clean dwt vs cargo and miles terms. LNG carriers sat still, earning $500k/day as floating storage in the winter of 2022-23, even as gas demand soared. Last year US port fees deterred many Chinese-owned or built ships from trading in the North Atlantic. More recently, since March concerns over bunker prices and availability has seen ships slow down, delayed or diverted. These events did not change the volume of cargo or tonnage, just the efficiency of it. The list of these disruption impacts is endless and whilst many are anecdotal and tough to quantify, they are a key reason as to why spot markets are so strong.**

What about the commercial downside? So far, shipping has not really been hurt by the uncertainty. Global GDP growth has been surprisingly healthy and hence so has underlying demand. Of course, in an alternative disruption-free world, volumes may have been even better.^^ However, a disruption-driven boom, is still a boom, which means the usual pattern of more orders and then oversupply, may come into play. Disruption also means that two key users of shipping, cargo interests and nation states, will prioritise consistency and continuity. If disruption is here to stay, the shipping giants: state carriers, lines, cargo owners and consolidators, will err on the side of being over-stocked with ships. The more proactive nation states see having a fleet as a pillar of national security. The long-term support for quasi-state liners underlines this and lately, one need only look at the growth of Chinese and Middle Eastern state carriers. This is clearly not ideal for long-term supply trends. Thankfully however, these giants still own only a fraction (20-30%) of the tramp shipping market, particularly bulk and tankers (especially below VLCCs).*** The future still largely belongs to the patchwork of hundreds of smaller independent owners. They will remain at the mercy of geopolitical polarisation, deglobalisation, climate change, and whatever else the future throws up, as well as old-fashioned supply-demand concerns.

*Tradewinds reported that a Turkish seafarer group this week placed the Black Sea seafarer total death toll at 23 in July, with over 40 injured.

^Latest news reports suggest that the latest negotiations over the Strait of Hormuz, may hand Iran and Oman control of inbound traffic. Earlier in the week contradictory reports suggested the Houthis may demand similar leverage over the Gulf of Aden.

**Some analysts prefer to refer to "Tonne Days" rather than "Tonne Miles", which better captures elements such as slower steaming or port congestion, although this itself is hardly a perfect concept. The more you analyse shipping markets, the more complicated they seem to become.

^^In this alternative universe, we doubt shipping rates would have been any better. Sharp, non-linear shocks to utilisation are more conducive to high rate averages than small incremental changes in demand.

***Depending upon the various definitions of control (ownership, operating etc) and iterations of state and quasi-state linked companies, we estimate that the bulker fleet is ~20% controlled by shipping giants; i.e. state or quasi-state owners, major commodity and cargo houses and consolidators, and the tanker fleet closer to ~30%.

WEEKLY COMMENTARY

7 August 2026

HARTLAND SHIPPING SERVICES

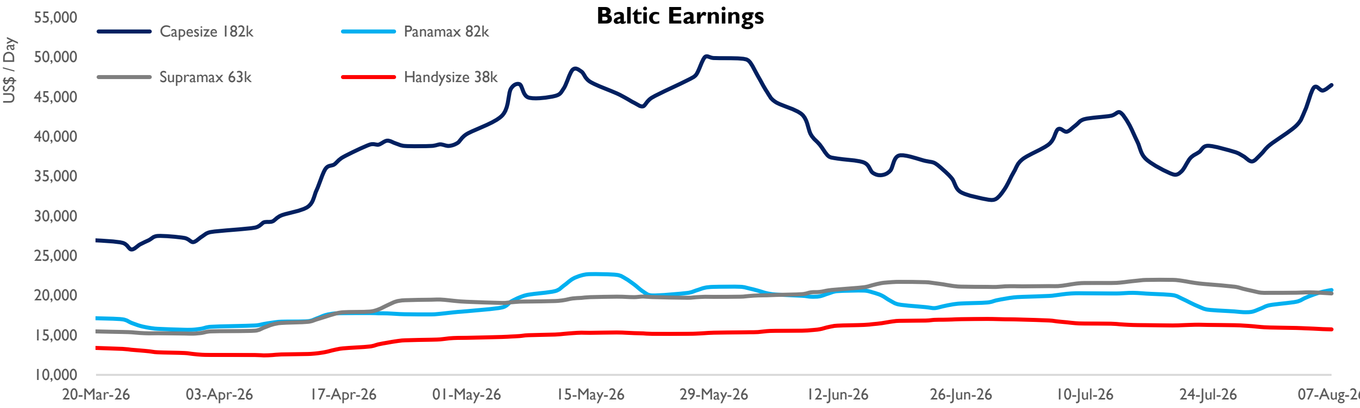
Dry Cargo Chartering

The dry cargo sector had a mixed week, with the geared market remaining flat while the Capesize market strengthened considerably. The BDI closed today at 3,089, up 357 points, while the BCI closed at $46,512, up by a staggering $7,552 since last Friday. The **Capesize** sector experienced strong gains across both basins. In the Pacific, typhoon activity caused ballasters to wait off the coast of China, providing further support to market sentiment by raising concerns over vessel availability. The Atlantic also strengthened, with fresh fronthaul enquiries in the North Atlantic and gradual rate gains on South Brazil and West Africa to China routes.

The BPI closed today at $20,684, up $1,904 since last Friday. The **Panamax** market saw steady improvement across both basins this week. In the Pacific, mineral demand and consistent North Pacific grain exports underpinned market activity. Period activity was also strong, with an 81k-dwt vessel reportedly securing $20,000 for a short period. In the Atlantic, tight tonnage availability in the North Continent and West Mediterranean continued to support the market, while robust fronthaul demand from East Coast South America provided additional strength.

The BSI closed today at $20,258, down only $84 from last week with little movement in both basins. In the Atlantic, the week started positively in North America with an **Ultramax** heard being fixed for a SW Pass trip to Singapore-Japan Range with grains at $29,000. The Continent and West Mediterranean markets remained subdued, but there was pockets of activity in the Eastern Mediterranean thanks to increased clinker demand. Activity in North and Southeast Asia stayed limited but later in the week, weather disruptions from the typhoon provided some support to owners' rate ideas despite overall sentiment remaining weak.

The BHSI closed today at $15,729, down $240 since last Friday. It was another flat week for the **Handysize** market, with rates across both the Atlantic and Pacific continuing to seesaw, leaving the market little changed. On the Continent, a handful of vessels were reportedly fixed for scrap into the Eastern Mediterranean at around $17,000. The US Gulf temporarily cooled off. *African Teal* (40,652-dwt, built 2015), open Brunswick, fixed a spot trip to Rotterdam with wood pellets at $18,000 with Canfornav. East Coast South America has continued to soften since the end of last week. Coastal runs are now fixing in the low teens, transatlantic trips in the high teens, and fronthaul rates have fallen to the mid-teens. On period, *Lardos* (28,339-dwt, built 2009), open Luanda, fixed a 5-7 month charter at $11,000 (dop). In the Pacific, the market remained under pressure. Steady cargo volumes failed to absorb rising vessel supply, keeping charterers in control and pressuring rates. Owners were fixing in the mid-teens for Australia rounds, whilst South East Asia runs were collecting high-teens for a Kanda 32 design.



Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate ($)	Charterers	Comment
Zeta P	82,028	2026	Singapore	3 Aug	Far East	$24,500	Cnr	Via EC South America
Star Calypso	81,918	2014	Singapore	29 Jul	Singapore-Japan	$19,400	Cnr	Scrubber for owners
Zhen Ning	79,463	2012	Zhanjiang	11 Aug	South China	$16,500	Cnr	Via Indonesia
Broad Rise	76,585	2006	Bahudopi	11/13 Aug	South China	$20,000	Cnr	Via Indonesia
Pabal	76,118	2012	Port Dickson	7/10 Aug	Philippines	$17,500	Oldendorff	Via Indonesia
Vitality Diva	63.665	2023	Port Elizabeth	15/20 Aug	China	$24,500	Cnr	$245,000 gross ballast bonus
Zinovia	63,587	2026	SW Pass	Ppt	Singapore-Japan	$29,000	Oldendorff	-
Talbot	56,823	2009	Durban	14/18 Aug	Far East	$18,500	Oldendorff	Via South Africa $185,000 gross ballast bonus
Alamo	39,258	2019	Thailand	Ppt	SE Asia	$16,000	Cnr	-
Cleantec	33,344	2009	Rio Grande	Ppt	EC South America	$13,000	Seacape	-

Exchange Rates		This week	Last week
	1 USD	158.30 JPY	159.35 JPY
	1 USD	0.8674 EUR	0.8425 EUR

Brent Oil Price	This week	Last week
USD per barrel	81.44	90.02

Bunker Prices (US$/tonne)	This week	Last week
Singapore HSFO	593.0	588.0
VLSFO	812.0	839.0
Rotterdam HSFO	499.0	534.0
VLSFO	626.0	675.0

Dry Bulk S&P

With much of Europe swapping screens for beach towels, the annual August slowdown has begun to make itself felt across the S&P market, although several benchmark transactions provided fresh guidance across the larger sizes. Buyer appetite for quality modern Japanese-built tonnage remains evident.

The headline sale of the week came in the Capesize sector, *Orange Tiger* (181,395-dwt, 2011 Imabari) has reportedly been sold to Mercuria for $36.5m. Considering she is surveys passed, this is light when you compare her to the *Aashna* (179,523-dwt, 2012 HHIC) which commanded $37.5m a couple of weeks ago despite her Korean/Philippine origin.

Activity in the Kamsarmax sector produced three useful reference points. At the top end, the modern *Aquavita Aim* (82,192-dwt, 2019 Oshima) reportedly achieved $38.2m, reaffirming the premium buyers continue to pay for modern Japanese-built eco tonnage with an attractive survey position. The scrubber-fitted *Medi Positano* (81,661-dwt, 2015 Tsuneishi Fukuyama) followed at $31.6m, appearing broadly in line with current market sentiment, with a fitted scrubber continuing to support values. Meanwhile, *Mont Fort* (82,113-dwt, 2012 Tsuneishi Tadotsu) changed hands for $22m. Although the vessel is three years older than *Medi Positano*, the sizeable pricing gap (nearly $10m) seemingly reflects the market's preference for younger eco designs.

This week there have been no geared deals to report, however there are several live discussions ongoing.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
Orange Tiger	181,395	2011	Imabari		Mercuria	$36.50m	
Aquavita Aim	82,192	2019	Oshima		European	$38.20m	
Mont Fort	82,113	2012	Tsuneishi Tadotsu			$22.00m	
Medi Positano	81,661	2015	Tsuneishi Fukuyama		Greeks	$31.60m	Scrubber

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Tanker Commentary

After ADNOC's raid on the modern VLCC market last week, there has been a return to the quieter levels of secondhand activity in the tanker S&P market.

In the midst of reported large VLCC fixtures, Sinokor are said to have achieved over $500k/day for a MEG - China voyage, there has only been one reported sale. Chinese controlled VLCC, *Grit* (298,555-dwt, 2003 Daewoo) is reported sold for $50m, the last similar age VLCC to sell was *Abie* (302,986-dwt, 2002 Samsung) for $40.5m in May. This highlights that even vintage VLCCs are commanding a significant premium compared to last done.

Elsewhere, there has been a flurry of reported MR2 newbuilding activity. Stealth Maritime are rumoured to have contracted 2 x MRs at Hyundai Mipo delivery Q1 2029 at $53m and Danish operators have contracted 6+2, scrubber fitted MR2s at Zhoushan Changhong, delivery 2029-2030, at region $46m each.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
Grit	298,555	2003	Daewoo		$50.00m	

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