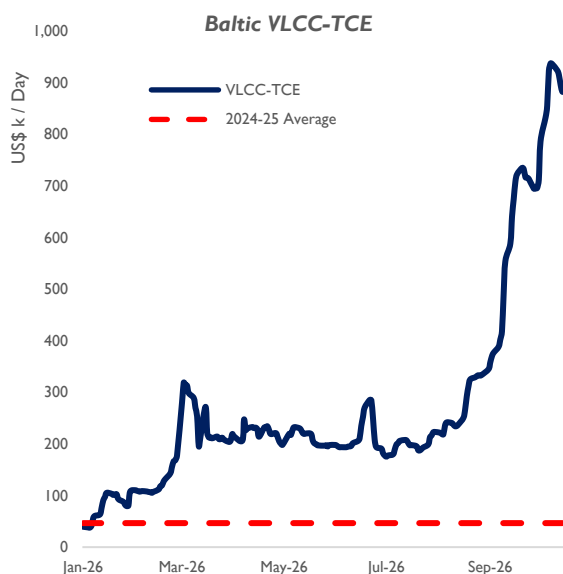




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Source : Baltic Exchange

*Two chemical tankers were struck off the coast of Romania on Thursday, at the mouth of the Danube River, next to the Ukraine border. One was inside Romanian waters according to Reuters. Attacks in the Black Sea have reached 7 ships in the last 10 days, with up to 23 dead or missing.

⁴In this case, it is worth asking what is even remotely normal? Average VLCC-TCEs at \$200k/day? Before 2026, this had only happened in only two very brief periods in history.

**Sea-Intelligence (a Danish liner consultancy) estimated that in 2022 the container lines made a combined profit of ~\$150bn in 2022.

Our tanker calculations are as follows: there are ~ 930 VLCCs, 725 Suezmaxes and 1250 Aframax/LR2s. We have assumed just under half of this tonnage is earning "boom" rates for independent shipowners, either in the spot markets or fixed out on index-linked TCs. We have assumed the other half is controlled (owned or medium/long term fixed rate TC-in) by a mixture of NOCs, state owners, majors or commodity traders, rather than pure shipowners, or is sanctioned, i.e. not typical independent shipowners. We have not even considered the MR2s or LR1s.

For the three sectors we have assumed average earnings per sector as follows over the last month: VLCCs \$643k/day, Suezmax \$457k/day, Aframax \$256k/day. We have re-weighted overall Baltic TCE baskets slightly, as they will currently over-weight the number of ships trading through and into the Gulf.

From this we have deducted opex and then 1-year TC rates from January (what owners may have realistically expected to earn at the start of this year) of \$65k/50k/40k/day respectively.

POINTS OF VIEW

Last weekend saw the news that the Trump administration had cut one of its dirtiest deals yet. Russia would export 300kt of diesel to the US this month, about a day of US consumption, and sanctions will be lifted to allow exports into the global market, with more diesel to flow in the coming weeks. Russia in return would halt attacks on Ukrainian power plants, and Ukraine stop hitting refineries. Setting aside the gullibility of taking Russia at its word, there is still doubt as to whether it can even keep up its end of the bargain, given the state of its refineries and domestic shortages. Russia, to no surprise, promptly bombed a power plant on Monday. To bully Kyiv into adherence, the US has restricted access to Starlink and intelligence. Russia is the winner from this farce, getting brief respite for its refineries, and cash to fund the special military operation against vital military targets such as playgrounds and hospitals. Meanwhile the Black Sea burns, this week Russian attacks have widened across the whole sea and to within inches or even into NATO waters.* Zelensky, facing the impossible choice of angering the White House or rolling over entirely, has announced that Ukraine will restart attacks on refineries anyway. For the White House it is a deal so transparent that no attempt was made to conceal it: diesel prices come down fractionally before the mid-terms, where the Republicans are on the ropes. The Economist's model gives them a 96% chance of losing the House and a 60% chance of the Senate too. Meanwhile the Middle East conflicts rage again. Riyadh has faced fresh Houthi drone and missile attacks, and in the Strait it has been the most intense week yet, with reports of up to 11 ships attacked, which brings us back to the tanker market.

VLCC rates have softened this week from \$937k/day to \$883k/day, but infinity minus one is still infinity. There are two big questions for the coming weeks. Firstly, how long can this spike last? For now, supply will not be a party-pooper, despite the enormous orderbook (34% of the fleet). There are 319 VLCCs on order, but only 20 are due to deliver in the 6-month span of Q4 and Q1, less than 1 a week, slower than the current pace at which VLCCs are being attacked. It is tricky to know how much damage is caused by each attack, but with engine rooms targeted, some will be temporarily or even permanently out of action. Real VLCC supply could even shrink in the near future. If this rate supernova ends due to excess new deliveries, then it lasts a while. Despite the rise in attacks, there is enough appetite for Hormuz runs, the shuttle-STS trade is inefficient, tying up tankers, and the premiums drag ships from the Atlantic. New bypass pipelines are a way off. A political deal to end attacks in the Strait or the Red Sea would drastically reduce inefficiency and tonne-days, but peace has proved elusive. Betting against the diplomatic skills of Messrs Trump, Kushner and Witkoff has been a winning strategy so far. One solution may be the reported US plan to un-sanction some dark fleet tankers. On paper this is a pool of nearly 900 tankers, but nearly all are still trading anyway, and most are non-IACS rust-buckets. With technical, commercial and legal hurdles to clear, it will take time, perhaps helping a little at the margin. Freight-led oil demand destruction is possible, charterers are holding back and refinery margins have been crushed drastically in recent weeks, but a lot of sustained destruction is needed to send the market back to anywhere near normal.⁴

Shipping has taught us to expect the unexpected, however the signs are that the tanker market looks unbelievably well set for the next few weeks, rates at or near these crazy levels could last a little while yet. Soon some ships will fix a second trip at these levels, which raises the second question: what to do with all the money? Back of the napkin, we conservatively estimate that combined, the independent owners of Aframax/LR2, Suezmax and VLCC tonnage could be making ~\$400m/day of profit over what they budgeted for at the start of 2026. We have assumed just under half the fleet is printing cash for independent owners, the remainder sanctioned or controlled by state shipping arms, commodity houses, NOCs or majors. This has already lasted a month, so that makes \$12bn booked, if it lasts a quarter: \$36bn, a year: \$146bn. For context, combined 2022 container line profits were placed at \$150bn.** Public owners will treat shareholders to mega dividends but will still have cash to burn. There is little debt to pay off. Family owners will diversify across equities, real estate and beyond, but shipping is in the blood, more ships will be a play for many. This leaves two options. Plan A: order new ships of any variety. Prices are high but not prohibitive, but deliveries before 2030 are tricky at established yards. At the good, the bad and the ugly of new and resurrected yards in China, 2029 slots are doable and attractively priced, but with challenges sourcing main engines. Plan B is to buy into other sectors via the S&P market, a path well-trodden of late by cash-rich buyers dipping into bulk markets. The outlook looks healthy despite a recent spot dip. The orderbook is less scary than for containers and tankers, even if it is expanding faster than is ideal. Supply is old and fairly tight. Tanker markets have reminded us that when we are high up the utilisation curve, it doesn't take much to turn a good market into a great one. Dry next?



Dry Cargo Chartering

The geared sector remained resilient this week, while Capesize rates continued to decline and Panamax rates edged lower. The BDI closed this week at 2,511, down 406 from last Friday. The BCI finished at \$29,464, down \$9,899, as **Capesize** rates fell steadily all week. In the Pacific, limited miner activity saw the C5 route from Western Australia to China slide from \$13.4 to \$11.2, before recovering to \$11.7 on Friday. In the Atlantic, the C3, Brazil to Qingdao route eased to ~\$30 despite more fixing late in the week.

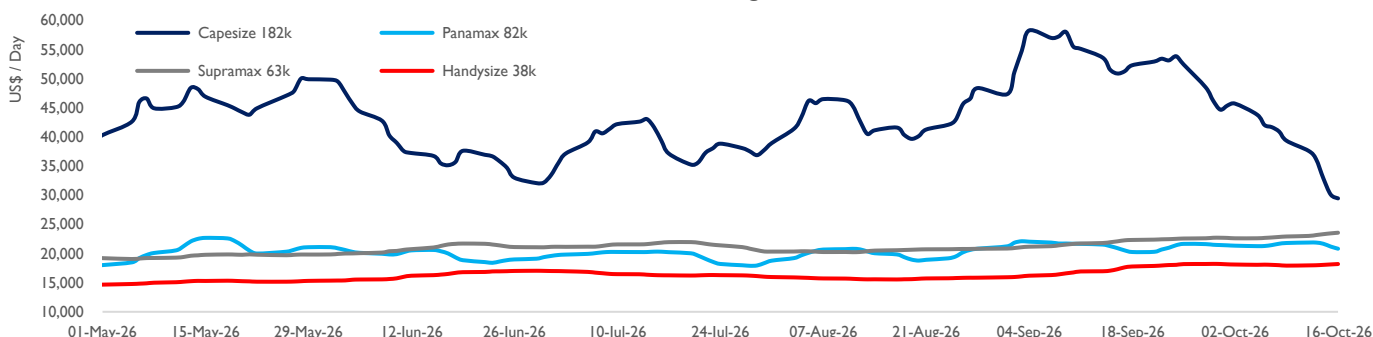
The BPI ended the week at \$20,827, down \$986 since last Friday. The Pacific **Panamax** market firmed for most of the week on demand from Australia, Indonesia and the North Pacific, with a 93,000-dwt fixing a North Pacific round at \$20,000. The Atlantic weakened as the week went on, although period stayed active, with an 82,000-dwt fixing two Atlantic laden legs at \$27,000.

The **Supra/Ultramax** market had a flat week, where not much changed, as the indices continued to tick upwards. The BSI closed today at \$23,573 up \$644 since last week. The US Gulf benefited from increased fronthaul enquiry while the Continent held its ground. The Mediterranean began to regain some traction, *Genco Weatherly* (61,556-dwt, 2014) open Aviles 13-14 Oct fixed at pilot station from Garrucha, a trip to USEC with gypsum \$20,000 by Pacific Basin. The East Coast South America saw a modest dip in rates, though no significant deterioration in the near-term outlook is apparent. Further east, demand from NOPAC and backhaul

routes continued to underpin the market, with a noticeable pickup in Indonesian business into India and Bangladesh. Period activity remained steady, although the rush to secure tonnage may be easing as elevated rates leave many charterers struggling to justify current levels. Despite that, *Castle Point* (63,646-dwt, 2025) which had been seeking index-linked employment, eventually found a home with TMC for two years at 109% of the SIITC index.

The **Handysize** market had a mixed week across the regions, the BHSI closed today \$18,200, up \$274 since last Friday. The Continent and Mediterranean were steady, supported by a number of grain cargoes to West Africa. A 37,000-dwt vessel open at Hereke on 10-12 October was fixed via Canakkale and Iskenderun to the North Coast of South America at \$11,000. The South Atlantic remained strong, especially for larger vessels. A 36k-dwt fixed from Santos to the West Coast South America at \$31,500, while a 39,000-dwt was reported fixed from East Coast South America to the Continent at \$32,000. In contrast, the US Gulf remained quiet, with limited activity and rates continuing to come under pressure from too many vessels available. A 35k-dwt was reported fixed from SW Pass to the West Coast Central America with grain cargoes at \$17,500. The North Pacific showed a firmer tone with a shorter tonnage list and slightly higher offers amid healthy cargo enquiry, while Southeast Asia remained generally flat. Period activity remained active, with a 37k-dwt vessel open China fixed for 3-5 months at \$16,000, with worldwide redelivery.

Baltic Earnings



Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate (\$)	Charterers	Comment
Shun Chang	93,322	2010	Caofeidian	19 Oct	Singapore-Japan	\$19,000	Cobelfret	Via EC Australia
Da Yu	85,180	2022	Kawasaki	19 Oct	Singapore-Japan	\$24,500	Cnr	Via Australia
Danae R	75,740	2006	Tianjin	15 Oct	China	\$16,500	Cnr	Via Indonesia
Prima Spirit	75,510	2007	Hong Kong	14 Oct	South China	\$17,250	Cambrian	Via Indonesia
Bao Neng 16	74,492	2001	Kemen	17/19 Oct	South China	\$16,000	Cnr	Via Indonesia
Tomini Pine	63,684	2026	Kunsan	Ppt	Indonesia	\$25,000	Venture Shipping	Via NoPac
Ultra Virtue	63,662	2022	Bataan	20/21 Oct	Vietnam	\$24,000	Cnr	-
Mackenzie	63,226	2016	US Gulf	Mid Oct	China	\$34,000	Cnr	-
Canadian Bulker	39,541	2019	CJK	Ppt	SE Asia	\$19,000	Cnr	-
Arianda	37,495	2010	Port Kelang	11/13 Oct	China	\$16,000	Cnr	Via Australia

Exchange Rates	This week	Last week	Bunker Prices (US\$/tonne)	This week	Last week
1 USD	158.04 JPY	158.28 JPY	Singapore HSFO	885.0	808.5
1 USD	0.8894 EUR	0.8930 EUR	VLSFO	911.5	908.0
Brent Oil Price	This week	Last week	Rotterdam HSFO	653.0	665.0
USD per barrel	105.80	103.79	VLSFO	735.5	728.0

16 October 2026

Dry Bulk S&P

Having seen a sales table dominated by Handysize tonnage last week, this week's activity is more of an eclectic mix.

At the modern end of the market, *Stellar Isabela* (37,993-dwt, 2017 Shimanami) has been sold for \$25m. This is broadly in line with *Boston Harmony* (38,561-dwt, 2015 Shin Kurushima) which achieved \$23.5m last week.

An ice-classed IC Panamax, *Pabal* (76,118-dwt, 2012 Taizhou Kouan, ice IC) has been picked up for \$17m. By comparison, the exact sister from the same owners *Pabur* (76,167-dwt, 2012 Taizhou Kouan, ice IC) sold at \$16.75m in April this year. Interestingly, while most Panamaxes have appreciated more significantly in value over the last six months, this sister ship has only achieved a quarter of a million more, perhaps indicating that ice-classed tonnage appeals to a select few buyers. Elsewhere, Japanese post-Panamax *Maritime King* (95,675-dwt, 2011 Imabari) has been sold for \$19m.

In the geared segment, it has been reported that *Ever Progress* (56,592-dwt, 2012 Jiangsu Hantong) was sold earlier this week via online bidding for \$16.24m. With the varying yard quality of the Dolphin 57s sold in recent weeks, drawing comparison with last done is not necessarily reflective of market direction. However, this price is in line with our internal benchmarks. Finally, two vintage Japanese ships have sold, *Jin Xing* (55,496-dwt, 2007 Oshima) which has been bought by Heng Fa Shipping for \$14.6m and *Shenli* (56,042-dwt, 2004 Mitsui) which has gone to Chinese buyers at \$9.8m. Earlier this month we saw the sale of *Castlegate* (53k-dwt, 2008 lwagi) at \$14.35m.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
Maritime King	95,675	2011	Imabari	-		\$19.0m	Delivery Nov-Feb
Pabal	76,118	2012	Taizhou Kouan	-		\$17.0m	Ice IC
Ever Progress	56,592	2012	Jiangsu Hantong	C 4x35T		\$16.24m	Online bidding
Jin Xing	55,496	2007	Oshima	C 4x30T	Heng Fa Shipping	\$14.60m	
Shenli	56,042	2004	Mitsui	C 4x30T	Chinese	\$9.80m	
Stellar Isabela	37,993	2017	Shimanami	C 4x31T		\$25.0m	



Tanker Commentary

We have slightly less activity to report in the tanker S&P market this week, particularly in the crude sector. After the blockbuster sales of recent weeks, it is understandable that buyers may be taking a breather, given this week's slight dip in the spot market and some record fixtures failing on subs. Albeit, rates and values still remain miles above historical records.

Dynacom has continued their selling spree in letting go of, *Zouzou N* (149,991-dwt, 2010 New Times, scrubber) for \$103m. This seems to be the benchmark for a 16-year-old Suezmax, with over five similar aged vessels selling for around the \$100m region in the last 3 weeks.

An Aframax, *Aegean Harmony* (115,824-dwt, 2007 Samsung) is reported to have sold for \$55m with prompt delivery. The last similar aged vessel to sell was *Euro Integrity* (105,291-dwt, 2009 HHI) for \$60m in the middle of September.

In the product space, *Prive Angel* (51,246-dwt, 2008 STX Changwon) is reported sold for \$24.6m and exact sister *Matrah* (51,021-dwt, 2008 STX Changwon) is reported sold for \$18.5m. Both vessels have dry docking due, but the *Matrah* has a TC until June 2027 showing the value for prompt TC free tonnage.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
Zouzou N	149,991	2010	New Times		\$103.0m	Scrubber
Aegean Harmony	115,824	2007	Samsung		\$55.0m	Prompt delivery
Prive Angel	51,246	2008	STX		\$24.60m	Prompt delivery DD extended for 3 months
Matrah	51,021	2008	STX		\$18.50m	TC attached until max May 2027
Valle Azzurra	49,999	2007	SPP	Nigerian	\$19.80m	Done early October

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