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POINTS OF VIEW

Last Friday, at the Munich Security Conference, US vice president J.D. Vance made it clear that Europe cannot rely upon US protection as it shifts its focus to the Indo Pacific. He ruled out Ukraine joining Nato and suggested that it will have to cede territory to Russia if a peace deal is to be struck. The audience was left in stunned silence. Defence secretary Peter Hegseth reinforced these assertions at the same conference. Vance observed that Europe's real enemy is not Russia or other known actors, but the threat is within, from uncontrolled migration and woke culture, both threats to democracy.* Days later, the US held bilateral talks with Russia in Riyadh to discuss the outline of a peace deal. Trump is keen to reconcile with Putin, wanted for war crimes and leading a country under G7/EU/Oz sanctions, while he calls Zelensky a "dictator without elections" and Ukraine a freeloader. Neither Ukraine nor Europe were invited to Riyadh, but each made it clear that it will not respect any arrangement that does not include their involvement. Trump castigated Zelensky for not holding elections after his term expired in May last year but, under martial law while at war, elections are suspended. Besides, there are concerns that Russia might engineer a result that elects a pro-Moscow candidate with an anti-Ukraine agenda, shifting any peace settlement greatly in Russia's favour. Trump claimed that Zelensky's approval rating has fallen to just 4%. It is in fact at 52%, ahead of Trump's 48% (source: BBC), and even blamed the Ukrainian president for provoking the full-scale invasion in Feb 2022. The war started in 2014 with the first Russian invasion and the annexation of Crimea. Trump failed to end it in his first 2016-2020 term.

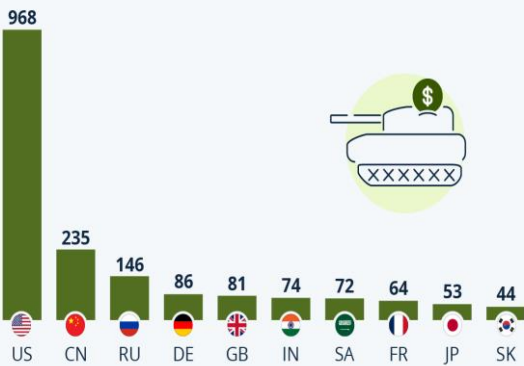
The MSC and Tuesday's meeting in Riyadh between defence ministers of the US and Russia, Marco Rubio and Sergey Lavrov, gave the strong impression that the US is capitulating and rewarding Russian aggression. It was made abundantly clear that Europe can no longer rely upon US protection and must prioritise defence spending to go it alone, a major fiscal challenge, and an urgent one. Developments also raise the question once again of whether the Kremlin has leverage over Trump. The lengthy Mueller enquiry sputtered to an end with inconclusive findings and no evidence of Republican Party collusion with Russia. However, it was hobbled by the very narrow parameters of the investigation brief even though Mueller left plenty to be read between the lines in his report. In the meantime, Moscow must be cock-a-hoop that it is in the process of being internationally rehabilitated by none other than the US, its old Cold War rival. The preliminary 'negotiations' appear to have been one-sided with the US making major concessions while Putin and Lavrov have given nothing back.** Trump is not justifying his claims to be the best dealmaker and his bluster is now overly familiar and may no longer gain concession-by-threat. The speed at which the US is keen to secure a peace deal, no matter how shabby it is, has taken most by surprise. Republicans remain almost entirely silent, cowed into submission. Rubio said that he may lift Russian sanctions if a deal is done, changing the dynamics of the global oil market. As phase two approaches in Gaza, we face the prospect that both wars may soon end, even as both peace talks are unravelling.+

This would have ramifications for vessel supply, as the resumption of short cuts and old trading patterns would cut the ton-mile multiplier. The status of the vast shadow tanker fleet would be called into question, with a possible gradual shift back to the compliant fleet leaving many elderly tankers sidelined and in search of employment, end of life care or termination. The extension of US tariffs to almost all countries and all commodities makes it difficult to assess the prospects for global demand as tit-for-tat moves will make US trading unnecessarily complicated and expensive. US tariffs may cause recessions in Canada and Mexico and possibly across Europe as countries increase defence spending to counter a real existential threat. As the US recedes, so defence of the realm must be the highest priority. After all, no defence, no realm. Inflation is already showing signs of digging in and this will delay the point at which interest rates can be cut to provide much-needed relief to national exchequers, companies, households and individuals.^ As the Trump 2.0 reality show unfolds, as it does daily, often with singular market-moving tweets, we might as well suspend trying to make credible forecasts of future supply-demand balance across shipping sectors. Underwhelming spot earnings render shipping sentiment downbeat while we seek greater clarity on today's geopolitical, trade and social threats.^^

... New Nato Target : from 2% to 5% of GDP ? ...

Germany Rises to Global Top 5 of Military Spenders

Biggest national military budgets in the world in 2024 (in billion U.S. dollars)



Source: IISS The Military Balance

statista

Source : Statista

*His boss did try to overturn the 2020 US election result while he and Trump support the extreme right in Europe: AfD in Germany and Orban in Hungary.

JD Vance on Europe: I've heard a lot about what you need to defend yourselves from, but less on what exactly it is that you're defending yourselves for."

**Russia is emboldened by US support. The US is going after a resource hedge while Russia wants all Nato troops out of former Warsaw pact countries.

+Hamas will release all remaining Israeli hostages in exchange for all remaining Palestinian prisoners, a permanent ceasefire and all Israeli forces leaving Gaza.

^UK inflation rose to 3.0% in January from 2.5% in December as the impact of high food and energy prices and imposition of VAT on private education was felt.

^^For two very divergent opinions on Vance's speech at the MSC read these articles. Anti: Gideon Rachman in the FT: "Vance's real warning to Europe".

And For: Allison Pearson in The Telegraph "JD Vance's courageous lecture on migration has shamed our gutless elites". Different views, both well put.

Dry Cargo Chartering

It was a more positive week with all segment earnings trending upwards and recording daily gains. The **BDI** finished the week at 981, up 189 from last week's close. The **BCI** closed today at \$8,216 up \$2,277 since last week. Sentiment varied between early March and later dates across basins. The North Atlantic maintained a positive outlook, whereas the Pacific routes declined. Support from East Coast Australia boosted the transpacific round voyages.

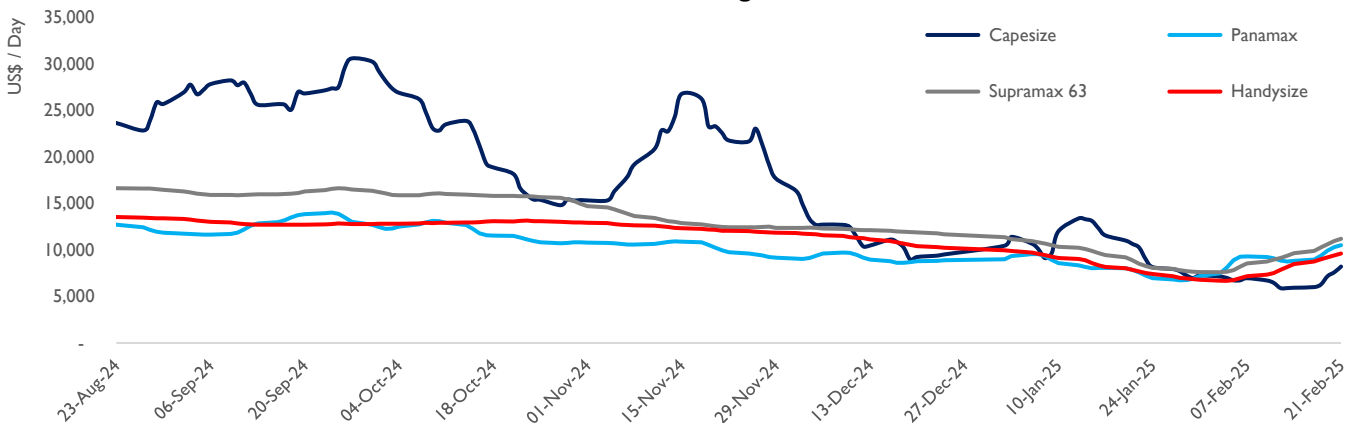
The **BPI** closed today at \$10,527, up \$1,708 since last week. The Panamax market continued its upward trend. The North Atlantic remained stable, with fronthaul demand well-supported, though trans-Atlantic activity lagged. In the South, a standoff emerged for mid-March arrivals as bid/offer spreads widened. Asia stayed strong heading into the weekend, with a surge in Australian activity leading to firmer rates. As tonnage tightened and demand from Southeast Asia and South America grew, rates from Indonesia spiked amid increased fixing opportunities.

The **BSI** closed today at \$11,205 up \$1,537 since last week. The Atlantic differed across regions. In the US Gulf, a lack of end-February demand put downward pressure on rates. East Coast South America remained sluggish, though some trans-Atlantic interest was noted. The Continent-Mediterranean market stayed relatively active, though fixing details were limited. The Pacific market maintained a positive outlook this week with healthy demand seen and rates being pushed up. The increased backhaul business also contributed to elevated rates seen in Asia. The Indian ocean

market continued to remain flat this week with no significant improvements. A 63,000-dwt fixed close to \$14,000 per day delivery China for short period.

The **BHSI** closed today at \$9,616 up \$1,118 since last week. In the Atlantic, sentiment remained positive, strengthened by reported fixtures at improved levels. The Continent witnessed a shortage of specialised open hatch box shaped vessels on prompt dates, causing charterers to look to the Mediterranean region for tonnage. Cargo scrap rates to Turkey have now risen above \$16,500 per day. In the South Atlantic, steady activity and stable tonnage, supported by fresh cargo demand, resulting in a slight uptick in rates. Meanwhile, the US Gulf market remained subdued, with unchanged fundamentals. Period enquiry continued to pick up, owners are now asking north of \$10,000 for short period on a 32,000-dwt type. In the Pacific the Handysize market maintained a firm outlook. Tightening tonnage in the North Pacific and continued weather disruptions in Southeast China caused vessel schedule delays. Consequently, some charterers are securing prompt vessels at elevated rates. While fresh inquiries from Australia have decreased, spot charterers in Southeast Asia have raised their bids, keeping rates strong in the region. There was also increased interest in period charters; a 28,000-dwt vessel open in China, was fixed for 3-5 months at \$9,000.

Baltic Earnings



Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate (\$)	Charterers	Comment
Tai Chang	93,296	2010	Singapore	24 Feb	China	\$12,000	Cosco	Via WC Australia
Climate Pledge	86,461	2022	Fukuyama	22 Feb	Singapore-Japan	\$13,250	Cnr	Via Australia
Flag Zannis	79,167	2014	Nansha	20 Feb	South China	\$11,000	Cnr	Via Indonesia
Shi Dai I	76,611	2007	Guishan	24/27 Feb	South China	\$10,000	Cnr	Via Indonesia
Jia Tong	75,592	2011	Masinloc	19 Feb	South China	\$12,000	Transtech Ocean	Via Indonesia
Sarika Naree	63,023	2015	Jinzhou	18 Feb	SE Asia	\$12,250	Olam	Via NoPac
Thor Chaichana	58,605	2013	US Gulf	2- Feb	East Mediterranean	\$14,000	Cnr	-
Eternity SW	58,098	2011	Durban	Ppt	Vietnam	\$10,000	XO Shipping	\$100,000 ballast bonus
Green Gem	38,503	2018	Indonesia	Ppt	Japan	\$8,700	LB	Via Australia
Devbulk Demet	31,018	2012	Anwerp	Ppt	US Gulf	\$8,500	Ultrabulk	-

Exchange Rates	This week	Last week	Bunker Prices (US\$/tonne)	This week	Last week
1 USD	149.54 JPY	152.21 JPY	Singapore HSFO	512.0	517.0
1 USD	0.9566 EUR	0.9515 EUR	VLSFO	575.0	587.5
Brent Oil Price	This week	Last week	Rotterdam HSFO	476.5	474.5
US\$/barrel	75.11	75.12	VLSFO	543.5	545.5

21 February 2025

Dry Bulk S&P

The freight market is beginning to defrost, and this is encouraging a bit more positivity in the secondhand market. It is premature to talk of a recovery in values, but to some extent the dive is starting to flatten out.

For example, the Kamsarmax *Ellina* (82,612-dwt, 2008 Tsuneishi Zhoushan) is sold for a respectable \$12.75m - in line with the same age *Betty's Dream* (Tsuneishi Fukuyama) that sold at the end of last year at \$12.9m. This fits with a general trend that indicates there is currently plenty of competition for good quality Kamsarmax tonnage as was demonstrated by the sale at better-than-expected values for the Chronos quartet of vessels at the end of last month. Post-Panamaxes however are now at a significant discount to the Kamsarmaxes, as is usual in a depressed freight environment. *Cora Oldendorff* (93,005-dwt, 2012 Taizhou CATIC) is sold at \$13.8m, despite being scrubber-fitted. Likewise, *Petalon* (87,328-dwt, 2010

Hudong) is reported sold at \$10.9m with her surveys due.

For the Ultramaxs, *Sagar Kanta* (60,835-dwt, 2013 Oshima) achieved a slightly better than expected \$20.1m. Supramax turnover is rising. The Japanese controlled *Pacific Infinity* (56,104-dwt, 2012 Oshima) achieved a premium \$16.8m due to her boxhold configuration. The Crown58 design *Bittern* (57,809-dwt, 2009 Dayang) likewise benefitted from a better design and a scrubber to get \$11.5m. The older Diamond53 design *Spar Lynx* (53,162-dwt, 2005 Chengxi) is sold for \$8m with her surveys due.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
<i>Cora Oldendorff</i>	93,005	2012	Taizhou CATIC	-	Chinese	\$13.8m	Scrubber fitted
<i>Petalon</i>	87,328	2010	Hudong	-		\$10.9m	Surveys due
<i>Ellina</i>	82,612	2008	Tsuneishi Zhoushan	-	Chinese	\$12.75m	
<i>Sagar Kanta</i>	60,835	2013	Oshima	C 4 x 30T	Indonesian	\$20.1m	
<i>Bittern</i>	57,809	2009	Yangzhou Dayang	C 4 x 35T		\$11.5m	Scrubber fitted
<i>Pacific Infinity</i>	56,104	2012	Oshima	C 4 x 30T		\$16.8m	OHBS
<i>Spar Lynx</i>	53,162	2005	Chengxi	C 4 x 36T	Chinese	\$8.0m	Surveys due
<i>Indigo March</i>	38,200	2012	Naikai	C 4 x 30T	Turkish	\$13.5m	OHBS

Tanker Commentary

After a flurry of tanker sales last week, we have returned to calmer waters with only two MR2 tanker sales to report.

The Italian controlled *PS Milano* (49,999-dwt, 2018 Hyundai Mipo) and *PS Sydney* (47,499-dwt, 2019 Hyundai Vinashin) have been sold to Greek and Korean buyers at \$37.5m and \$38.7m respectively. Both have similar technical specifications (6 cargo grades with IMO II/III tank notations) - as a result, the prices are in broadly line with one another.

Eco tonnage remains popular, and few owners are willing to let their ships go unless an attractive offer is put in front of them - last year we only recorded 6 sales of MR2 tankers built between 2017 and 2021. The charter market this year is in a different place compared to last and the asset values reflect this - last April, sister ship *Optimus* (49,999-dwt, 2019 Hyundai Vinashin) fetched \$48m and was sold with special surveys passed and scrubber fitted.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
PS Milano	49,999	2018	HMD	Molaris	\$37.5m	Epoxy Phenolic
PS Sydney	47,499	2019	Hyundai Vinashin	Korean	\$38.7m	Epoxy Phenolic

Should you have any queries about the content of this report or require any services of Hartland Shipping Services, please contact:

**Hartland Shipping Services Ltd,
London**

Tel: +44 20 3077 1600
Email: chartuk@hartlandshipping.com
Email: snpu@hartlandshipping.com
Email: consult@hartlandshipping.com

**Hartland Shipping Services Ltd,
Shanghai**

Tel: +86 21 2028 0618
Email: newbuild@hartlandshipping.com

**Hartland Shipping Services Pte. Ltd,
Singapore**

Tel: +65 8223 4371
Email: chartops.sg@hartlandshipping.com

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