10 January 2025

HARTLAND SHIPPING SERVICES

WEEKLY COMMENTARY

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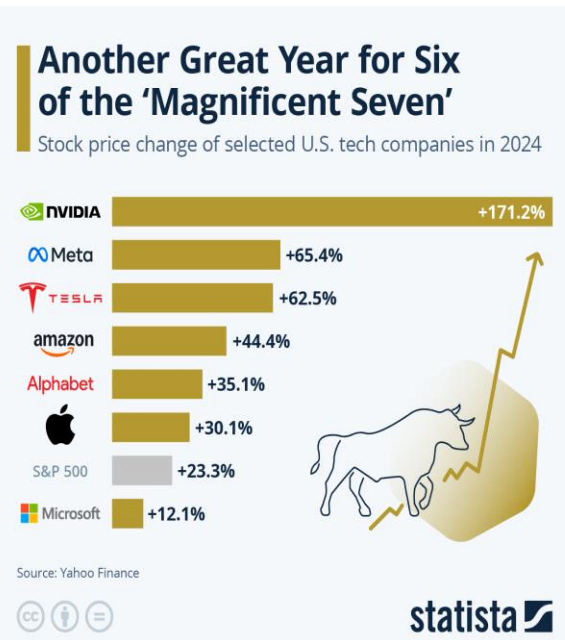
… Front-end Loaded AI Hype? …



Source : Statista

POINTS OF VIEW

A procession of billionaires and corporate CEOs have beaten a path to Mar-a-Lago to pay homage to the president-elect, many having been vocal critics in the past. They have responded to overt and veiled threats and have decided, out of a combination of fear and greed, to kiss the ring or risk that the next president will unleash the uber-wealthy wannabe cage-fighter Elon Musk upon them. There is no doubt that this has emboldened the president-to-be who went on to threaten the colonisation of Canada, Greenland and the Panama Canal justified by the need for border controls, national security interests and, well, because we built it.* These resemble Putin's rationale for invading the Ukraine and Crimea in 2014 and 2022. Furthermore, Musk is interfering in the politics and economics of Mexico, the UK and Germany with characteristically undiplomatic barbs via his preferred delivery method, 'X', his unregulated social media vehicle. He will soon to be joined by Mark Zuckerberg's Meta Platforms in upholding 'free speech' as it removes the guardrails and switches to community policing of online content. Nato has been told to raise defence spending to 5% of GDP from the current 2% target, a totally unrealistic request. So much for America's friends, yet nothing so far regarding China, Russia, Iran and North Korea which appear to be a lower priority than its traditional allies. Indeed, these assorted aggressive moves may just be opening gambits designed to trigger negotiations, as we have become familiar with from this transactional leader. Ominously, we are entering a phase of managed disruption and strategic chaos.**

However, as Ruchir Sharma in the FT remarks, "The world is not unipolar and does not revolve around one personality, not even one as big as Trump's. Historically, the impact of US presidents on markets has often been surprising, and at times minimal." He outlines ten trends for 2025: the return of contrarians; momentum crashes; punishing deficits; less exceptionalism; the next stars; investable China; AI undercuts Big Tech; trade without America; private excess; no magic injection. You might be able to work them out for yourselves but, in order, here are some hints. Not everyone believes in the sky-high valuations of the Mag 7 or the front-end loaded benefits of AI. Two consecutive years of 20%+ growth in the S&P 500 will be hard to replicate in 2025. Bond market yields are already warning of expanding deficits under Trump 2.0, currently at 6%. American exceptionalism overlooks the artificial boost the US is getting from state support. The next stars? Might it be Argentina and Turkey, formerly basket cases? Remember the "Pigs"? Now Portugal, Greece and Spain are on the rebound while Germany & France are on a downturn. China is not un-investable; it has lots of solid but overlooked companies. Big Tech's huge profits are ending as free cash flows are diminished by huge investment while less than 1 in 10 US companies incorporate AI into their operations. Universal tariffs mean more trade without America. Unregulated private markets are booming, as are the risks. Finally, GLP-1 weight loss injections are not the ultimate solution for obesity.

Foreign Policy magazine argues that Trump and Musk cannot bully the entire world, and that loudly making threats does not amount to a foreign policy. 2024 was a good year for bullies, for example: Putin, Orban, Netanyahu, Trump and Musk, but "good eventually triumphs over evil".^ So, can Trump really bully the whole world? Stephen M. Walt of FP thinks not for the following reasons. I've seen this movie before. In the 1990s, politicians and pundits assumed that history was running the US's way, but it didn't. Unchecked power makes others nervous, angry and resentful and will inevitably generate adverse reactions. One-on-one bullying is much preferred as it maximises US leverage, but such deals are harder to police and invite symbolic and flattering concessions, often leading to inaction and slippage.^^ The victims of tariffs and sanctions can retaliate and usually are willing to bear much greater pain than Americans are. Trump cares more about appearances than actual accomplishments: all gong and no dinner.+ Lastly, the bond market serves as a reality check. We finish with a comment by James Bianco, President of Bianco Research, as picked up by Bloomberg Markets Daily: "Inflation and rates might not be too high. This may be the economy we now have. 3% inflation and 5% rates (2% real) are now normal. The cycle turned in 2020. Shutting down and restarting the global economy changes things in ways that take years to understand or accept." Plenty of food for thought.

*Trump also demanded that Hamas release all the Israeli hostages that they hold in Gaza or else all hell will break out, as if it has not already. He is also threatening the military annexations of the Panama Canal and Greenland.

**"Will US markets keep rising under Trump? The combination of Trump's capriciousness and frothy-looking markets is a recipe for volatility. Even investors with a determinedly optimistic outlook should prepare for a bumpy ride." (FT).

^Stephen M. Walt, Prof. of International Relations at Harvard: "The Republican Party to which I once belonged has been exposed to a sorry collection of unprincipled opportunists with the collective backbone of a bowl of Jello."

^^Many countries offer symbolic concessions, telling Trump that they will do what he wants and then dragging their feet, as China did successfully during his first term. This causes transactional and bilateral approaches to break down.

+"He (Trump) thinks those reality-show summit meetings with North Korean leader Kim Jong Un were a great success. The entire world was watching, and the ratings were boffo. Nothing came of all the hoopla … Kim was the big winner."

Dry Cargo Chartering

After a brief New Year rally, **Capesize** markets dipped again this week before seeing a strong surge on Friday. Overall timecharter rates closed at $12,010, a sharp rise of $2,766 from our last report on 20th December. From Australia, Rio Tinto paid from $6.15 pmt to $6.85 pmt for Dampier/Qingdao while Oldendorff took *Ocean Asia* (182,090-dwt, 2022) for the same trade at $6.50 pmt, all for late January dates. From Port Hedland, BHP chartered *Ubuntu Loyalty* (189,688-dwt, 2023) and *Bulk Harvest* (175,617-dwt, 2012) at $6.30 pmt and $6.20 pmt respectively. From South America, Oldendorff fixed *Star Europe* (180,668-dwt, 2016) for Ponta Da Madeira/Eregli at $11.00 pmt, and ex. Tubarao, Vale took *Cape Brazil* (177,897-dwt, 2010) and *Kiran Turkiye* (175,018-dwt,, 2011) for China at $17.60 pmt and $17.90 pmt. Elsewhere, an NYK TBN vessel covered 162,000 mtons 10% coal Newport News/Japan at $26.80 pmt, and on timecharter Oldendorff chartered the miniCape *Anglo Jessica* (114,665-dwt, 2010) delivery Teluk Rubiah for a trip to India at $5,000 plus $100,000 bb.

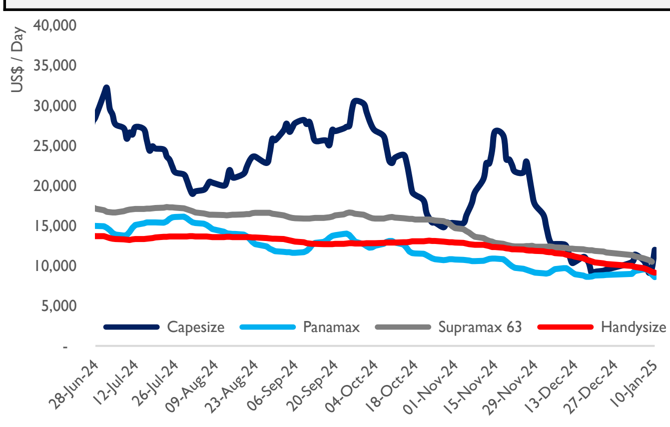
Panamax markets also enjoyed a boost over the New Year period before tailing off again over the course of this week. Timecharter averages in this sector are at just $8,574, a decline of $208 since last reported and the lowest of all dry bulk sizes. In the Pacific, Tongli fixed *Transcenden Star* (84,953-dwt, 2022) delivery Bahudopi for a trip via Western Australia to South China at $9,500, Panocean took *Medi Egadi* (81,834-dwt, 2018) delivery Zhoushan for a NoPac round trip with grains at $9,250, and *Red Lily* (81,855-dwt, 2017) fixed delivery Hong Kong for a trip via Indonesia to South Korea at $7,000. In the Indian Ocean, we heard *Navios Victory* (77,095-dwt, 2014) fixed delivery Mundra for a trip with salt to Taiwan at $11,000 with Ultrabulk. From the South Atlantic, Cargill fixed *Zhao Yang Feng* (75,396-dwt, 2012) delivery APS East Coast South America for a trip to Skaw-Gibraltar range at $14,250, and Arcelor Mittal took *Captain V. Madias* (79,501-dwt, 2012) delivery Pecem for a steels trip to US East Coast at $15,000 plus $100,000 bb. On voyage, the same charterers also took an Oldendorff TBN vessel for 77,000 mtons 10% Port Cartier/Ghent loading 17/26 January at $12.25 pmt.

Although many **Supramax** deals came to light this week, markets still suffered from negative pressure. Rates out of US Gulf and South Atlantic didn't improve while the Continent-Mediterranean remained subdued. The Indian Ocean had a quiet start to the year as limited fresh cargoes were seen. Asian sentiment remained very weak with many prompt vessels and limited fresh enquiry. The BSI closed today at $10,347, down by $1,529 from last reported. In the Pacific, Indonesian coal slid down further. *Xin Hai Tong 52* (56,799-dwt, 2011) fixed delivery passing Singapore for a prompt trip via Indonesia redelivery Thailand at $6,000 to Transtech, *Prabhu Mihika* (55,557-dwt, 2005) fixed delivery CJK 8 January for a trip via Indonesia redelivery China at $4,500 to Tongli. *Ming Zhou 78* (56,757-dwt, 2011) fixed delivery Dongguan for a trip via South China redelivery Jakarta with steels at $5,300 to Transwind. In the Indian Ocean, *De Xin Sheng Xiang* (57,045-dwt, 2011) fixed delivery Saldanha Bay prompt for a trip redelivery China at $10,000 plus $100,000 bb to Pacific Basin, while *Zhong Chang Yu Sheng* (56,874-dwt, 2012) fixed delivery Richards Bay 11/15 January for a trip redelivery UAE at $10,000 to Teambulk. We heard *Vita Kouan* (63,394-dwt, 2016) was chartered delivery Mundra for 3/5 months trading redelivery worldwide at $10,750. In the Atlantic more fixtures surfaced. *African Sanderling* (58,798-dwt, 2008) fixed delivery SW Passage for a trip redelivery Japan at $17,250, whilst *Ionic Smyrni* (56,025-dwt, 2013) fixed basis the same delivery for a trip to North Coast South America with grains at $15,500 to Oldendorff. *Norvic Copenhagen* (63,470-dwt, 2023) also fixed delivery SW Passage prompt for 1 timecharter trip to Atlantic Colombia at $15,000 to Ultrabulk.

The **BHSI** closed today at $9,143, down $1,284 since 20th December during a bleak first full week of trading of 2025 in both the Atlantic and Pacific. The former softened, especially on the Continent and in the Mediterranean as rates continued to drop to less than last done levels. Scrap trips were fixed to Turkey at around $6-7,000 per day although little was reported. Similar levels were seen on large Handysize types rumoured to have been fixed to the US Gulf but again, nothing was reported. The Mediterranean was very poor with an extensive backlog of spot tonnage supressing rates to sub-$5,000 per day for intra-Mediterranean trips. A 34k-dwt vessel open Egypt reportedly fixed/failed via Turkey for a trip redelivery US Gulf at $5,600. The US Gulf softened although an injection of fresh enquiry at the end of the week left a more positive note. Owners rated trans-Atlantic trips at around $11-12,000 on a standard Handysize, but with a bid/offer stalemate the market was left in the balance. *TAC Imola* (40,256-dwt, 2021) open Brunswick fixed on subs via Houston redelivery Egypt with grains at $14,500 to Cargill. In the Caribbean, *Angel* (37,227-dwt, 2014) open Rio Haina fixed on subs basis delivery SW Passage redelivery West Coast Central America with agricultural products at $13,500 with Centurio. Further South, large eco Handies saw around $13-14,000 for trans-Atlantic trips. *Star Taishan* (28,343-dwt, 2009) fixed delivery Montevideo for a trip to West Coast Central America also with agricultural products at $15,700 with Drydel. It was a quiet and slow week for the Pacific markets too with negative sentiment throughout. Cargo availability was limited and tonnage lists grew, especially in Southeast Asia. Period activity also remained scarce with most operators hesitant to take on risk in this market. In the Far East, *Indian Ocean* (37,490-dwt, 2015) open Lanqiao spot fixed delivery DOP via New Zealand to China at $10,500 with HMM. *Alpha Bulker* (32,741-dwt, 2006) open Hong Kong 11/12 January was fixed for 2/3 legs at $8,500. A 39k-dwt vessel open CJK was heard fixed at around $12,000 for 2/3 legs redelivery Southeast Asia. Elsewhere, *Ocean Fortune* (37,595-dwt, 2014) open Port Klang 9 January was fixed delivery passing Singapore via Thailand to Indonesia at $7,500 with Bainbridge. A 37k-dwt vessel open Singapore was heard fixed in the low-$9,000's for a trip to the Far East, and further south, *Apollon Trader* (40,552-dwt,2024) open Port Kembla 14 January was heard fixed for a backhaul trip at around $13,000.

Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate ($)	Charterers	Comment
Canon Trader	82,200	2024	Chaozhou	10 Jan	South China	$4,500	Cnr	Via Indonesia
Medi Egadi	81,834	2018	Zhoushan	10/15 Jan	Singapore-Japan	$9,250	Panocean	Via NoPac Scrubber benefit to Charters
Captain V. Madias	79,501	2012	Pecem	11/16 Jan	US East Coast	$15,000	Arcelor Mittal	$100,000 ballast bonus
Sweet Lydia	79,469	2012	Shanwei	7 Jan	Philippines	$2,700	Oldendorff	Via Indonesia
Zhao Yang Feng	75,396	2012	EC South America	25 Jan	Skaw-Gibraltar	$14,250	Cargill	-
Agri Warrior	64,012	2018	Busan	25 Jan	Philippines	$9,000	Norden	Via NoPac
Pacific Constant	61,411	2016	SW Pass	Ppt	China	$18,500	Aries Bulk	-
Spar Ursa	57,970	2011	Fangcheng	2/4 Jan	Bangladesh	$10,000	Cnr	Via Vietnam
Indian Ocean	37,490	2015	Lanqiao	Ppt	China	$10,500	HMM	Via New Zealand
Nordic Nanjing	35,713	2013	Praia Mole	Ppt	NC South America	$13,500	Cnr	-



Exchange Rates	This week	20th Dec 2024
1 USD	157.54 JPY	156.48 JPY
1 USD	0.9755 EUR	0.9617 EUR

Brent Oil Price	This week	20th Dec 2024
US$/barrel	78.94	72.91

Bunker Prices (US$/tonne)	This week	20th Dec 2024
Singapore HSFO	490.5	469.0
VLSFO	593.5	552.5
Rotterdam HSFO	471.5	451.5
VLSFO	549.5	508.5

Dry Bulk S&P

It is very much a buyers market as we kick start the year. Given the lack of liquidity and freefalling indices, valuing vessels is becoming an increasingly difficult task as buyers wait to pounce on better priced opportunities in the January sales. Opportunism is the name of the game, buyers need to be outright and ready to move on short notice should a seller decide to dispose of their asset at a marked down price. Plenty of funds lie in wait which surely means a busy Sale and Purchase market is forthcoming.

Several Ultramax sales concluded in December have come to light, underscoring the current uncertainty. Firstly, *Giorgos Dracopoulos* (61k dwt, 2013 Iwagi) is understood to have been committed for $21.7m and subsequently the sister *Omishima Island* (61k dwt, 2013 Iwagi) is rumoured to have been sold for $20.1m to F Maritime Greece, illustrating the downward trajectory.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
Argolis	76,263	2005	Tsuneishi	-		$8.1 m	
Alpha Melody	74,475	2002	Daewoo	-		$6.6 m	
Omishima Island	61,381	2013	Iwagi Zosen	C 4 x 31T	F-Maritime	$20.0 m	
My Fair Lady	50,450	2011	Oshima	C 4 x 30T		$15.85 m	
Karteria	50,320	2001	Kawasaki Heavy	C 4 x 31T		$7.0 m	

Monthly Newbuilding Update (January 2025)

Comparing the snapshot of today's drybulk orderbook to how it stood in our report this time last year is revealing. The total orderbook is 20m-dwt bigger (22%) than it was at this point last year, 112m-dwt today vs 92m-dwt in Jan-24. This is a result of another fairly strong year of ordering in the drybulk market in 2024, over 47m-dwt recorded to date. The fleet to orderbook ratio has risen in this period too, from 9.3% to 11.1% (dwt terms). 2025 is set to see fairly similar levels of deliveries as 2024, with the most notable change being an uptick in Ultramaxes.

However, the runway of deliveries for more than 12-months out now appears significantly higher than it did at this stage last year out. It looks likely that we will see significant levels of Ultramaxes and Kamsarmaxes deliveries in 2026 and 2027. The most intense ordering activity has been seen in the Supra/Ultramax and Pana/Kamsarmax sectors over the last 12-18months. These orderbooks have expanded by 31% and 21% respectively compared to this time last year.

Dry Bulk Orderbook (January 2025)

As of 6th January 2025	Capesize (>100,000-dwt)		Panamax (69-99,999-dwt)		Supra/Ultramax (45-68,999-dwt)		Handysize (25-44,999-dwt)		Total	
	#	M-dwt	#	M-dwt	#	M-dwt	#	M-dwt	#	M-dwt
2025	40	8.0	140	11.5	201	12.7	148	5.9	529	38.2
2026	45	9.8	165	13.7	160	10.2	102	4.1	472	37.8
2027+	58	13.1	154	12.9	130	8.3	32	1.3	374	35.6
Total	**143**	**30.9**	**459**	**38.1**	**491**	**31.3**	**282**	**11.3**	**1,375**	**111.5**
OB as % Fleet	**7.0%**	**7.7%**	**14.2%**	**14.5%**	**11.8%**	**13.1%**	**9.4%**	**10.9%**	**11.0%**	**11.1%**

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Tanker Commentary

Crude and product tanker values are sliding down a slippery slope and whilst we have two Aframax / LR2 sales that tell different tales, only one illustrates where the market is today.

Nissos Delos (115,693-dwt, 2012 Samsung) has been sold to MJLB - a partnership between Exxon Mobil & Bangladeshi state oil company Jamuna Oil Co. - for a very firm price, a tick over $45m. We understand this sale was concluded at the end of last year and is more in line with where values were at the end of 2024.

The sale of LR2 tanker *Suvretta* (109,250-dwt, 2008 STX) is representative of todays softening market, having been secured by Chinese interests at $31m - a vessel that will be found extremely well maintained which no doubt facilitated the sale in an otherwise illiquid market. To highlight how much values have fallen, *FOS Picasso* (115,760-dwt, 2009 Samsung) and *FOS Da Vinci* (115,878-dwt, 2009 Samsung) achieved a price of $40m each, only 3 months ago. Both are coated and do not have docking due imminently, similar to this weeks LR2 sale.

Finally, unnamed Singaporean buyers have picked up *Sanjin 3025* (13,774-dwt, 2020 Samjin) in the high $16mi - a relatively low specification chemical tanker that can carry 3 grades.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
Nissos Delos	115,693	2012	Samsung	MJLB Exxon mobil	$45.2m	
Suvretta	109,250	2008	STX	Chinese	$31.0m	Epoxy / LR2 Coated
Sanjin 3025	13,774	2020	Samjin	Far-Eastern	$16.8m	Epoxy Phenolic

Tanker Orderbooks (January 2025)

Crude Tankers										
As of 6th January 2025	Aframax (80-120k-dwt)		Suezmax (120-200k-dwt)		VLCC (200k-dwt +)		Crude Total	
	#	M-dwt	#	M-dwt	#	M-dwt	#	M-dwt
2024	10	1.2	30	4.7	5	1.5	45	7.4
2025	16	1.8	38	6.0	24	7.5	78	15.3
2026+	20	2.3	38	6.0	57	17.5	115	25.8
Total	**46**	**5.3**	**106**	**16.7**	**86**	**26.6**	**238**	**48.5**
OB as % Fleet	**6.6%**	**7.0%**	**16.1%**	**16.2%**	**9.5%**	**9.5%**	**10.5%**	**10.6%**

Product Tankers										
As of 6th January 2025	Handy (30-41k-dwt)		MR (41-60k-dwt)		LR1 (60-80k-dwt)		LR2 (80k-dwt +)		Product Total	
	#	M-dwt	#	M-dwt	#	M-dwt	#	M-dwt	#	M-dwt
2024	4	0.1	96	4.8	9	0.7	51	5.8	160	11.4
2025	6	0.2	111	4.6	19	1.4	54	6.2	190	12.4
2026+	9	0.6	86	4.2	32	2.4	74	8.5	201	15.7
Total	**19**	**1.0**	**293**	**13.6**	**60**	**4.5**	**179**	**20.5**	**551**	**39.5**
OB as % Fleet	**3.7%**	**5.0%**	**17.5%**	**16.6%**	**15.9%**	**16.0%**	**39.3%**	**40.7%**	**18.3%**	**22.1%**

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