28 March 2025

WEEKLY COMMENTARY

HARTLAND
SHIPPING SERVICES

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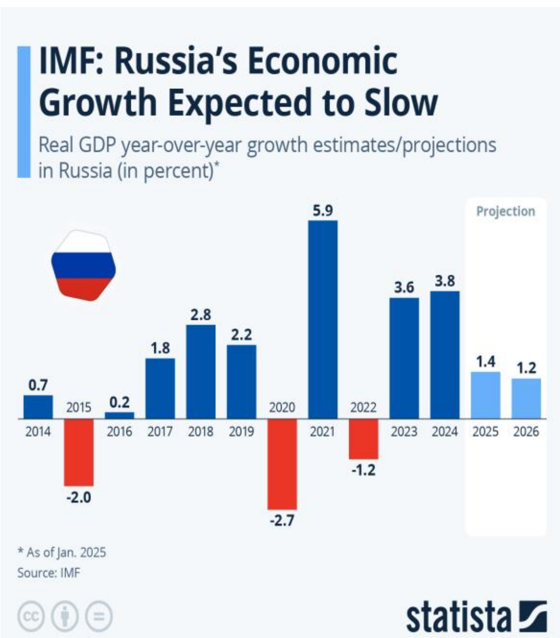
… Where to next for Putin's Russia ? …



*Tesla vehicles, dealerships and charging points are being vandalised by the public which resents Musk's unelected involvement in cabinet and the actions of DOGE.

**Atlantic editor-in-chief, Jeffrey Goldberg, was inadvertently admitted to the chat room by Waltz. The thread appears to contain obvious classified content.

^Safe passage and cease attacking each other's energy facilities. But Putin wants sanctions lifted before confirming. Trump has said that Putin is dragging his feet.

^^Trump lifted Biden's embargo on 2,000-lb bombs and is supplying 1,800 to the IDF. They kill indiscriminately, inconsistent with the US/Israel pursuit of peace.

Media suggests that Trump is trying to 'do a deal' with Putin to develop tourism in Crimea, and possibly the Donbas, in exchange for access to rare earths.

+Europe's lightbulb moment. Europe is waking up to its own security issues as the US refuses to foot its defence bill any longer. In Donald Tusk's words:

"Right now, 500 million Europeans are begging 300 million Americans for protection from 140 million Russians who have been unable to overcome 50 million Ukrainians for three years."

POINTS OF VIEW

HSBC, in its latest European Economics Quarterly, asks about a "Mega Moment?". Tariff uncertainty and an upending of transatlantic relations, as well as a seismic change in fiscal policy, present both risks and opportunities for Europe. 80 years of post-war transatlantic co-operation have been upended with Europe faced with swingeing tariffs and the need to massively increase defence spending. Ursula von der Leyen, the EC president, calls it "Europe's moment". The EC has relaxed fiscal rules to potentially allow for extra defence spending of 1.5% of GDP, while Germany is taking the fiscal brakes off in an uncharacteristic move. However, one should not get too excited. Fiscal multipliers on defence spending are small, although higher in defence investment and R&D. Capacity restraints and gaps in European defence production will limit the boost to domestic demand in the short term. Poland's lesson is that increasing defence spending tends to suck in a lot of imports. New US tariff threats may offset much of the gains, and mere threats are already weighing on economic activity. Netted off, HSBC estimates that eurozone growth will reduce 0.1% in 2025 and rise 0.3% in 2026 to 1.6%. All in all, the mega boost from defence spending may be muted by capacity constraints and US tariffs; the jury is out.

In HSBC's latest Asian Economics Quarterly, titled "Beyond the Razzmatazz", trade tensions are set to intensify, weighing on exports and investment across Asia, but cooling inflation and policy easing should provide a floor under domestic demand, helping the region's economies endure the challenges in the Year of the Snake with customary poise. Tariffs are front and centre, applied with speed and panache rarely seen before. The world's trading system is being reconfigured, with the US seeking to erect permanent barriers. For Asia, whose dashing economic success of recent decades was largely built on exports, this poses severe challenges. Not only will supply chains need to be rejigged, new markets explored, and investment redirected, but the time has come to unleash the great dormant engine of sustained prosperity: the local consumer. Reforms will need to be stepped up, new growth drivers nurtured, and confidence rebuilt. But it does not mean turning away from global markets. Rather, it will require greater engagement with those willing to engage whilst also tapping into the vast yet unrealised domestic potential. Asia's vaunted resilience will once more be on display, even if the needed adjustment will take toil and sweat to complete. That is sensible economic analysis. Our comments follow.

In the US, Trump is getting pushback on tariffs and the idea of fining Chinese-linked ships calling US ports. There will be a damaging boomerang effect on US consumers, jobs and companies. As usual, there is little evidence of homework. Democrats are getting fired up, Republicans are getting disillusioned, Musk is becoming toxic, and the federal government and judiciary are fighting back against cuts and irrelevance.* The stumbles are manifest. Trump claimed he never signed the deportation order, and yet it is on public record. He said the policy rests with Rubio, his Secretary of State. He defended his cabinet for holding a Signal chat room on bombing Yemen while inadvertently including a journalist from the Atlantic.** He learnt from his dad, never admit to any wrongdoing: deny, deflect, attack. This lesson has been passed onto his terrified cabinet loyalists. To make cabinet you need little experience, total fealty and a nice face as the Trump Show plays live on television every day.

Trump's obsession with the Nobel Peace Prize is proving potentially dangerous, as his urgency will give rise to bad deals for the allies. In Ukraine, Zelensky and Putin have completely opposite and remote objectives while Trump wants a quicky in Putin's favour. The 'partial' ceasefire covering the Black Sea and energy facilities is phoney.^ Trump's plan for Ukraine will lead to more, not less, war and will leave Ukraine dangerously exposed to total takeover and then render the rest of Europe vulnerable once Russia has replenished its devastated military. Rumours are that Trump wants to build a resort in Crimea to match his plans for the Gaza Strip.^^ It's all about him. Chasing critical minerals and rare earths in Ukraine and Greenland is a diversion. The US must contest Russia and China for control of the northern sea routes, as the ice pack melts, and the energy and minerals in the Arctic Circle. The US administration is facing rising opposition to its bizarre policies that will harm Americans, and everyone else. But don't count on many of them ever happening.++

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HARTLAND SHIPPING SERVICES

Dry Cargo Chartering

In another flat week, the **BDI** settled at 1,602, down 41 points week on week.

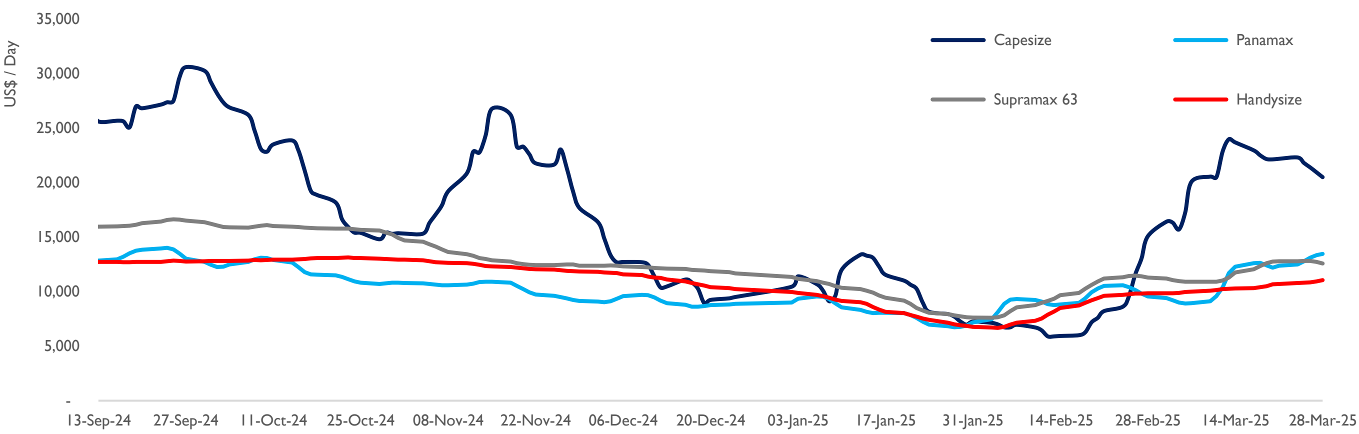
Capesize rates continued to drift downwards this week, with the BCI closing on $20,503, down $1,687 from last Friday. With limited west Australian iron ore cargoes and a lengthening tonnage list, rates remained low, even as other Pacific volumes remained healthy.

Panamax rates go from strength to strength with the BPI closing at $13,474, a further boost of $1,095 when compared to a week ago. East Coast South America is seeing a surge in fresh grain stems from the seasonal harvest, with fronthaul destinations canvassing a premium as a result.

A quiet calm persisted in the **Supramax** market, with the BSI finishing the week at $12,576, a slight drop of $211 in the last 7 days. The US Gulf trans-Atlantic runs performed better overall, but fronthaul routes experienced some easing, and owner-charterer ideas differed widely. There was little change in the South Atlantic fundamentals and rates have been hovering around last done levels. The Continent-Mediterranean appeared fairly balanced with no significant shifts, though additional cargoes are needed next week as available tonnage in the region grows. The negative sentiment persists in the Pacific market due to limited fresh enquiry, leading to a largely quiet week.

The **Handysize** time charter average concluded business at $11,052, a small increase of $333 since we last reported. This week, the market has seen mixed activity depending on the region. In the Continent and Mediterranean, there is a general sense of stability, supported by a healthy cargo book and ongoing orders, and although owners are not rejoicing yet, business is being concluded regularly and at respectable levels. For instance, a 33-35,000-dwt Handy can expect to achieve $14,000 for a trip to the West Mediterranean with grains at $15,000 for Algeria. Scrap runs hit the market in increasing numbers, with one such fixture concluded at $18,000. In the South Atlantic and US Gulf, the markets remained similar although seasonal grain trade employed many larger vessels, leaving stems free for the Handy market. Additionally, there was an increase in business concluded loading East Coast South America. A 39,000-dwt was heard fixed for delivery Recalada to redelivery Salvador-Fortaleza range with grains at $14,750. Meanwhile in Asia, the market remained healthy, with a steady supply-demand balance, although rates suffered a slight downward pressure this week, possibly due to Eid holidays in the Islamic nations. From the north, trips to South East Asia are hovering around 10-11k for modern 38k-dwt Handies. The steel market demand has dropped slightly this week and was visibly quiet in the south towards the end of the week. Finally, period rates for 38k-dwt continued to hold in the $13k's with several inbound cargoes in market.

Baltic Earnings



Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate ($)	Charterers	Comment
ASL Venus	82,153	2011	NCSA	11 Apr	Amsterdam	$20,500	Bunge	
Global Express	81,971	2012	Gibraltar	20 Mar	Singapore-Japan	$17,000	Refined Success	
Omicron Atlas	76,554	2008	ECSA	10/12 Apr	Gibraltar/ Rotterdam	$21,250	cnr	
DSI Andromeda	60,309	2016	Yokohama	Ppt	WW	$14,000	Cargill	
Sarocha Naree	63,046	2017	Kandla	26/30 Mar	China	$12,100	Imperial	
Sofia	41,000	2025	Japan	Ppt	UK/Continent	$14,000	cnr	$15,000 after 80 days
African Lapwing	39,757	2014	Lanshan	Ppt	West Coast India	$12,000	cnr	
Indonesian Bulker	37,725	2017	Villaneuva	27 March	China	$13,300	Berge	Via Dampier
Iberian Bulker	37,668	2017	KSC	3-5 April	WW	$13,750	IMC	For balance of period
Paiwan Ace	40,236	2024	Savannah	6/10 April	UK/Continent	$12,500	cnr	

Exchange Rates		This week	Last week
	1 USD	150.02 JPY	148.91 JPY
	1 USD	0.9238 EUR	0.9239 EUR

Brent Oil Price	This week	Last week
US$/barrel	73.48	72.08

Bunker Prices (US$/tonne)	This week	Last week
Singapore HSFO	476.0	472.5
VLSFO	537.5	526.0
Rotterdam HSFO	456.5	461.5
VLSFO	504.5	504.5

Dry Bulk S&P

Bar the odd couple of outliers, the vast majority of tonnage that has been changing hands over the last 6 months has been in the 10-20 year old age bracket. As we commented last week, and as evidenced further today, a new theme may also now be taking hold with 100% of the vessels reported sold this week being of Japanese build. Separately, with values continuing to move positively there is a growing expectation - and hope - that the supply-tap of Japanese owned and built tonnage may soon start to open further.

Chinese appetite for Capes and Newcastlemaxes continues and we have two such sales to report today. Firstly, Japanese owners Kotoku Kaiun are understood to have sold their 2010 built Newcastlemax *Global Commander* (207,953-dwt, 2010 Universal) to Chinese buyers Safe Arrival for $32m. She is due to deliver in June with special survey due the same month. Secondly, Singapore based Winning's interest in the 15-20 year old Capesize sector continues unabated. They are thought to have paid $22.2m for *Cape Unity* (180,181-dwt, 2007 Imabari). Last week the 2 year older, scrubber fitted *Arabella* (177,005-dwt, 2005 Namura) was sold for $18m.

The only Kamsarmax sale to report this week is the Japanese controlled *Wangaratta* (82.206-dwt, 2011 Tsuneishi), again to Chinese buyers for a price in the low $17's. She has surveys due in June. This is quite a step up on the sale of the scrubber fitted non-eco sistership, *Dream Star* (81,782-dwt, 2014 Tsuneishi) sold a month ago for $20.5m.

Representing another notable firming of values, the 2011 built Mitsui 56 *Fortune Wing* (55,650-dwt, 2011 Mitsui) is understood to have been sold to Indonesian buyers for $16m with delivery due to take place in June. The 3-year younger sistership *Federal Lyra* was sold only 3 weeks ago for $18m.

Finally, in the only modern sale of the week to report the 2021 built Japanese owned Handysize *Izanagi Harmony* (37,105-dwt, 2021 Saiki Heavy) has been sold to a Turkish buyer for $24.75m.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
Global Commander	207,953	2010	Universal	-	Safe Arrival	$32.0m	SS due
Cape Unity	180,181	2007	Imabari	-	Winning	$22.20m	
Wangaratta	82,206	2011	Tsuneishi	-	-	$17.20m	SS/DD due
Teleri M	55,851	2013	JMU	C 4 x 35T	Far Eastern	$16.80m	Wartsila Flex M/E
Fortune Wing	55,650	2011	Mitsui	C 4 x 30T	Indonesian	$16.0m	Delivery in June
Izanagi Harmony	37,105	2021	Saiki Heavy	C 4 x 30T	Turkish	$24.75m	

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Tanker Commentary

Following from last week's sale of *DHT Lotus* (320,142-dwt, 2011 Bohai) at $55m, the Norwegian listed owners are reported to have sold *DHT Peony* (320,014-dwt, 2011 Bohai) for $53.5m to Chinese buyers. Both vessels are scrubber fitted and do not have special surveys due until next year.

In the Aframax sector, *P. Yanbu* (105,391-dwt, 2011 Sumitomo) is reported to have sold for $39m booking a healthy profit having bought her for $22m in November 2020. The last similar age Aframax to change hands was *Kara Sea* (115,191-dwt, 2010 Sasebo) which sold at the end of January for $37m.

Strinda (19,959-dwt, 2006 Fukuoka, stainless steel) is reported to have sold to GMS for $15.9m, the last similar age stainless steel carrier to have changed hands was *Marmotas* (19,953-dwt, 2005 Usuki) which went in December 2024 for $15.7m.

Elsewhere, *Owl 3* (13,153-dwt, 2008 Samho - Epoxy) has sold for around $11m, the last done was *Nordisle* (12,810-dwt, 2009 STX - Epoxy Phenolic) which sold in November for $10.5m with DD due.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
DHT Peony	320,014	2011	Bohai	Chinese	$53.50m	Scrubber fitted
P. Yanbu	105,391	2011	Sumitomo	-	$39.0m	-
Strinda	19,959	2006	Fukuoka	GMS	$15.90m	STST
Owl 3	13,153	2008	Samho		$11.0 m	Epoxy coated

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