The 1st Quarter of 2026 Management Discussion and Analysis

**“ The strong do what they can,
And the weak suffer what they must ”**

History of the Peloponnesian War (416 BCE)
True then. Sadly, it is still true today. (Khalid)

Contents

Our Key Performance Indicators

1st Quarter 2026 Financial Performance (US Dollars)

The results, reviewed by EY Office Ltd., show you the latest financial position of Precious Shipping Public Company Limited and its subsidiaries ("the Company"). For Q1 2026, we reported EBITDA of USD 18.27 million, Net Profit of USD 3.41 million and Earnings per share of Baht 0.07.

The average earnings per day per ship during the first quarter came in at USD 12,528. Please look at the Market Segmentation report that shows you the relative performance of the PSL fleet's earnings per day per ship compared to the Index ships.

Our daily operating costs per ship of USD 5,715, comprising USD 5,686 per day for our dry bulk fleet and USD 8,372 per day for the sole tanker in our fleet.

Our daily operating costs per ship of USD 5,686 for our dry bulk fleet were higher than the daily operating costs of USD 5,425 per ship in Q1 2025.

THE HARD FACTS	Q1 2026	Q1 2025
Highest earnings per day per ship in USD	29,931	16,203
Average earnings per day per ship in USD	12,528	8,641
Av. earnings per day per Small Handysize ship (excluding 4 cement carriers) in USD	9,369	5,255
Av. earnings per day per Large Handysize ship in USD	13,225	8,756
Av. earnings per day per Supramax ship in USD	11,487	8,067
Av. earnings per day per Ultramax ship in USD	14,279	10,064
Operating cost per day per ship in USD	5,715	5,425
Operating cost per day per ship in USD – Dry Bulk Fleet	5,686	5,425
Operating cost per day per ship in USD – Tanker Fleet	8,372	-
EBITDA in million USD	18.27	8.33
Net Profit (Loss) in million USD excluding exchange gain (loss) and non-recurring items	2.48	(4.10)
Net Profit (Loss) in million USD	3.41	(4.14)

Average earnings per day are reported on a gross basis before netting off 5% commission. Further, it is based on ship availability for commercial operation, which in particular excludes the Hormuz related downtime of Hatthaya Naree, downtime for sold vessels awaiting delivery, and technical downtime, including periods for dry-docking. The sole tanker in our fleet, Tharinee Naree, was taken over on 26 February and thereafter proceeded directly to dry dock for the remainder of the quarter, resulting in no earnings to report.

Consolidated Financial Performance (Thai Baht Terms)

For the quarter ending 31 March 2026, the Company reported a net profit of Baht 108.19 million, compared to a net loss of Baht 140.23 million in Q1 2025. The main reasons for the changes are as follows:

- The Net Vessel Operating Income (Vessel Operating Income net of voyage disbursements and bunker consumption) in Q1 2026 was Baht 308.52 million, or 31% higher than the Net Vessel Operating Income in Q1 2025 due to a stronger freight market. As of 31 March 2026, the fleet comprised 41 vessels (including Mayuree Naree, which was attacked on 11 March 2026 and has been declared a constructive total loss), and four vessels under construction.

- Vessel running expenses in Q1 2026 were Baht 16.29 million, or 3% lower than the figure in Q1 2025 primarily due to the appreciation of the Thai Baht against the US Dollar.
- Administrative expenses (including management remuneration) for Q1 2026 were Baht 6.83 million higher than the figure in Q1 2025, primarily due to an increase in variable compensation expenses.
- Finance costs for Q1 2026 were Baht 57.10 million higher than the figure in Q1 2025, due to an increase in debt to part finance our fleet rejuvenation plan.
- In Q1 2026, the Company realized a gain of Baht 18.83 million from the sale of two vessels.
- The Company recognized notional foreign exchange gains of Baht 49.62 million in Q1 2026, mainly attributable to Thai Baht debentures maturing in 2029 and 2034.
- In Q1 2026, the Company recorded expenses of Baht 39.68 million arising from the Mayuree Naree incident in the Strait of Hormuz.

Awards and Honors:

- During the third quarter of 2025, the company received recognition from the Stock Exchange of Thailand and the Singapore Management University for its employee ESG education initiatives
- Achieved the second recertification under Thailand's Collective Action against Corruption (CAC) program, which will remain valid for three years (2025 – 2028). PSL has maintained continuous membership since November 2018.
- Received Climate Action Leaders Recognition Certificate from Dr. Natcha Likhitkitvorakul, Advisor to the Minister of Natural Resources and Environment, at the Climate Action Forum, hosted at the United Nations Office, Thailand, on 27 March 2025.
- Achieved an ESG score of 4.2 out of 5 and ranked in the top 11th percentile within the Industrial Goods & Services sector for 2025, as assessed by FTSE Russell ESG Scores
- Ranked in the top 8% of Morningstar's ESG Risk Rating Ranking of global listed Shipping Companies in 2025.
- Ranked in the top 9% of global listed transportation companies in the S&P Corporate Sustainability Assessment (CSA) rankings in 2025.
- Won Best Sustainability-Linked Bond – Transportation at The Asset Triple A Sustainable Finance Awards 2025
- Achieved AA rating in the Stock Exchange of Thailand's ESG Rating exercise for the two consecutive years (2024 – 2025).
- Included in the Stock Exchange of Thailand's Thailand Sustainability Investment (THSI) list for the fourth consecutive year (2022 – 2025).
- Classified as a company with "Excellent" Corporate Governance for 16 consecutive years (2010 – 2025) by Thailand's Institute of Directors & the National Corporate Governance Committee.
- Earned a perfect 100 AGM assessment score for eight consecutive years (2018 – 2025) by the Thai Investors Association (TIA).

- Received Carbon Neutral certification from TGO for the fourth consecutive year (2022 – 2025).
- Received Carbon Footprint for Organization certification from TGO for the the fourth consecutive year (2022 – 2025).

Market Segmentation

During Q1 2026, the Baltic Handysize Index (BHSI) averaged 689 points, corresponding to an average Time Charter (TC) rate of USD 12,411 per day. Our ten existing (excluding 4 cement carriers) and one sold Small Handysize Vessels earned an average of USD 9,369 per day, underperforming the BHSI TC rate by 24.5%. Our seven large Handysize vessels earned an average of USD 13,225 per day, outperforming the BHSI TC rate by 6.6%. The Baltic Supramax Index (BSI63) averaged 1,153 points, corresponding to an average TC rate of USD 14,577 per day. Our six existing and one sold Supramax vessels earned an average of USD 11,487 per day, underperforming the BSI63 TC rate by 21.2%. Our thirteen Ultramax vessels earned USD 14,279 per day, underperforming the BSI63 TC rate by 2.0%. Please note that our Small Handysize and Supramax ships are rated 20% below the standard index ships.

Long Term versus short term Charters

The long-term charters, of about 1 year, are shown in the chart below. As can be seen, our forward three-year rolling book is currently at the 20.2% level with a visible revenue stream of USD 177.8 million.

Year	2026	2027	2028	2029
Total Available Days	14,615	14,600	14,640	14,600
Fixed T/C Days*	4,679	3,399	1,932	1,819
% age Fixed T/C Days	32%	23%	13%	12%
Av. T/C Rate/Day in USD**	14,939	15,361	14,885	14,779
Contract value in $m	69.91	52.21	28.76	26.88

**This comprises eight ships on fixed rate time charters and 11 ships on variable rate time charters.*
***Average T/C Rate/Day for the variable rate charters is estimated based on actual earnings until Mar 2026 and rates prevailing in Apr 2026 for the period thereafter.*

It is our intention to continue to charter our ships on long-term contracts whenever practical and economically viable.

Mayuree Naree

This is a short video from BIMCO that explains the value of seafarers more clearly than we could have done so. It also explains why seafarers are ‘essential’ workers. Unfortunately, seafarers are treated like so many expendables or collateral damage, as war victims are euphemistically referred to. This attitude from countries at war, or with a war-like agenda on their minds, has got to change.

On 11 March 2026, M.V. Mayuree Naree, owned by Precious Flowers Limited, a Thai subsidiary of the Company, was struck by two projectiles while transiting the Strait of Hormuz. The projectiles struck the engine room, engulfing it in fire and causing significant damage to the vessel. The vessel had twenty-three Thai crew members on board at the time of the incident. Twenty were safely rescued by the Omani Navy and returned to Thailand, while three tragically lost their lives.

The vessel has been declared a constructive total loss. On 20 April 2026, the Company received insurance proceeds of USD 10.9 million from its war risk underwriters, covering the loss of the vessel and compensation for the crew.

The vessel drifted in the Persian Gulf for approximately ten days following the incident, after which she ran aground on a sandbar off Qeshm Island, Iran. Search and rescue operations were conducted on board the vessel at Qeshm Island, during which the bodies of the three deceased crew members were recovered and taken to a morgue. Efforts are currently underway to repatriate the bodies of the three crew members to Thailand. The Company expresses its deepest condolences for the loss of life and extends its sincere sympathies to their families.

The next Earnings Call will be virtually held at 14:15 hours on the 13th of May 2026 via the SET live web casts. We hope that many of you will attend this event electronically where the Company will get a chance to thoroughly discuss Q1 results. The number of online participants attending PSL's live presentation for Q4 results and 2025 Annual Performance on 23rd of February 2026 were 165 on YouTube.

We are excited to announce the launch of our new investor alerts service! Stay informed of the latest developments at PSL by signing up here today.

Year of the Fire Horse

If you look at the BDI, it seems to have adopted the Fire Horse as its mascot and has started this year with a fierce gallop! This is despite all the issues facing the maritime world starting with a war on Iran by Israel and USA, leading to the Strait of Hormuz being held in a choke-hold by Iran, resulting in high oil prices and higher bunker prices, inflation all over the world, IMF reducing global GDP forecasts, lack of fertilisers exiting the Persian Gulf will damage crop outputs, and a year that is being characterized as a super El Nino year that will further hurt crop yields and make 2026 likely the hottest year ever since records have been maintained. A serious magazine like the Economist has posited that this war on Iran could result in about a 100 million people in Asia becoming food insecure and may lead to a famine. And they have not even looked at the 100 million people in the hinterland of the Persian Gulf that import all their food by ship from overseas. Surely, they are more likely candidates for food insecurity and famine, we think. With 20% of all crude oil and 17-20% of all LNG flowing out via the SoH being fully crimped since 28 February, energy security is very high on government lists. The immediate stop gap arrangement is to go back to using coal power as a substitute for LNG power, from the 'cleanest' fossil fuel power producer to the 'dirtiest fossil fuel' power producer that is very bad for an overheating planet, but this has supported dry bulk ships immediately. Paraphrasing the great Mark Twain, we keep repeating, 'the death of King Coal has often been greatly exaggerated by commentators on the dry bulk markets.' The Simandou mines continue to deliver very high-grade iron ore to China, which is again helping increase tonne-mile demand, as it is between 3.1-3.25X as tonne-mile intensive as the iron ore from Australia. All these 'new/additional' cargoes, and multiple disruptions are only leading to an increase in tonne-mile demand, congestion at grain exporting countries, ships getting trapped for months together in the Persian Gulf, cargoes for the 100+ million people that live in the hinterland of the Persian Gulf that rely on imported food adding to a dramatic increase in tonne-mile demand due to extremely convoluted routes required for safe passage with food grains for humans and animals leading to gross fleet inefficiencies in the dry bulk space. The globalised world that shipping thrives on is being dismantled with the US administration tearing up international treaties as if they did not matter at all, exiting longstanding defence alliances that the US had started, encouraging wars directly or indirectly, and destroying the myth of the 'international world order.' The number of country leaders that have visited China during the last few months gives credence to the destruction of globalisation and the emergence of regionalization which will focus dry bulk cargoes onto geared ships that will become the workhorses of the future. There is a report from JP Morgan that discusses just this aspect dated 22 April 2026. In the meantime, owners cannot seem to get enough newbuild orders, with the VLCC sector where over 100 VLCC newbuilds have been ordered in Q1 of 2026 compared with just two in Q1 of 2025. Other sectors where overordering is approaching crazy 2008 levels are Containers at 11.6m TEU in Q1 2026 compared to 8.7m TEU in Q1 2025, Gas at 52.4 compared to 59.7 MCBM, Car carriers at 1.1 compared to 1.7 MCEU, Dry bulk at 140.8 compared to 129.8 MDWT seems to be the sanest of all shipping sectors in terms of the forward order book. Let us hope that dry bulk shipping retains its title as the least ordered sector in the maritime world, maintains its perennial resilience, and continues with that same gallop through the rest of this year and beyond, as it did in Q1 of the Fire Horse year!

Fleet Renewal

We commenced PSLs fleet renewal by selling four of our older and non-eco ships in 2024. We continued that trend and sold another four older and non-eco ships in 2025 (two delivered in 2025 and two delivered in January 2026). We took delivery of five secondhand, younger, larger (almost 40K DWT each) and eco engine ships in 2024. We have purchased 4 Ultramax new build ships from our favored yard, Taizhou Sanfu in China (for delivery one a quarter in 2026.) These ships will help further reduce our carbon footprint. We have also taken delivery of three modern (less than 5-year-old) Ultramax ships during 2025 (one standard size built in China, and two larger 66K DWT Ultras built in Japan). We have also purchased two brand new resale 66K DWT Ultras built at Yamic Shipyard in China that were delivered on 15 and 19 January 2026. What does all this achieve for us, you might well ask. It reduces our average age of ships, it increases the DWT of our handy sized fleet, it reduces our carbon footprint via the removal of the non-eco ships being replaced by the five eco, and larger handy size ships in 2024, the 4 brand new Ultras, that we have purchased (for delivery in 2026/Q1 2027), the three very modern Ultras (two of 66K DWT and one standard size) delivered during 2025, and the two larger 66K DWT Ultra resales delivered on 15 and 19 January 2026. The smaller, geared ships, that travel to ports that are well off the beaten track, will be the last segment of shipping to decarbonize and shift over to 'green' fueled ships of the future. The reason is that the ports that these ships visit are so well off the beaten path that getting green fuels of the future at such ports may be well-nigh impossible. Secondly, the cost of fitting in the new-fangled engines, tanks for future fuels, pipelines that can remain corrosion proof and withstand the rigors of the future fuels, would increase the capital expenditure by around 20-30% more than a fossil fuel burning new building ship. With clients who do not want to sign long enough charter contracts, nor pay any premium over the existing long-term time charter rates of fossil fuel burning ships, adds another economic disincentive for our sector to go green right now. The practical move is to buy less than 10-year-old eco engine ships from the secondhand market, as we have done, to order a few newbuildings, like we have done with the Ultras at Sanfu and the two larger 66K Ultras from Yamic, and by selling the older non-eco ships in our fleet into the secondhand market, again as we have done, and continue to do. That way, we will always be in compliance of our regulatory required decarbonization by running our existing and freshly purchased secondhand/newly built ships; wait till the fuels of the future have been crystalized; wait for the regulatory environment to be established for such 'green' ships; crew training has been designed to allow for safe management of these future fueled ships; shipyards have got their act together and are able to produce such ships at a price that makes economic sense for the buyers; that is when we will change over our fossil fuel burning ships into ships burning zero carbon fuels of the future.

Q1 2026 marked our foray into the Product Tanker segment with the acquisition of the 2006-built 47,999 DWT MR2 tanker, Tharinee Naree, representing an important first step in our fleet diversification strategy. The vessel was acquired at a modest capital cost of USD 11.1m, reflecting a measured, low-risk entry into a sector outside of dry-bulk segment.

MR2 Tankers are the workhorses of the Product Tanker segment and are widely used for transporting refined petroleum products, biofuels, vegetable oils and easy chemicals on regional and inter-regional routes. Given the different skill set required for tanker operations, PSL has appointed a specialist third-party technical manager rather than managing this vessel in-house.

Now that the IMO has postponed, by one year, their decision making on global decarbonization and carbon tax on the final day of their MEPC meeting on 17 October 2025, our implemented strategy, with our hind-sight glasses on, appears very satisfying! Please see the section under 'IMO and Regulations' which explains the current situation via news quotes.

Dry Bulk Market Conditions

- US job growth likely picked up in January, supported by fewer layoffs in some seasonal industries, but the labor market remained sluggish as lingering uncertainty over import tariffs tempered hiring and tighter immigration enforcement constrained the supply of workers.
- America's consumer economy is pulling in opposite directions, a gulf increasingly apparent in C-suite commentary, with premium brands profiting from well-off customers while value-focused firms battle restraint from cash-strapped households.
- Britain's labor market weakened again with the jobless rate at its highest since 2015, excluding the pandemic period, and wage growth slowing again.
- US farmers, though punished by slumping prices after last year's monster corn harvest, are expected to cut back only slightly on their plantings of the grain in 2026 as they brace for a fourth straight year of narrow profit margins or even losses.
- India, the world's second-largest importer of thermal coal, wants to cut those imports for power plants by at least 30%, asking them to test increased blending with domestic coal. India's power plants used nearly 50 MMT of coal in 2025 from countries like Indonesia, South Africa, and Russia. The government aims to cut this by at least 15 MMT this year, said two government officials and one industry source.
- The Asian iron ore market saw significant changes in 2025, key among them were major Australian producers moving toward lower-grade specifications, while market participants also faced price disruptions due to increased supply amid persistently weak steelmaking margins before levels improved in the SH of the year. As steel margins recovered in Jun-Jul following a steady decline in coking coal and coke prices in China, demand for iron ore returned, lifting prices through the rest of 2025.
- India is likely to record one of its warmest Marches on record, with above-average temperatures forecast in key wheat and rapeseed-growing states, potentially cutting yields.
- Chinese leaders will launch a pivotal five-year plan this week that'll help shape global commodities markets through the end of the decade. Their fixes targeting supply will be as important as the impact of their decisions on demand. As the world's biggest buyer of raw materials, China's annual GDP goal, plans to stimulate the economy, and any steps to support favored sectors, from clean energy to artificial intelligence, should give relatively straightforward clues on where consumption is likely to expand.
- Brazilian farmers may be squeezed by the escalating conflict in the Middle East, according to analysts and trade data showing the region is a key destination for Brazil's farm exports

and an important provider of fertilizers such as urea. The US-Israeli strikes on Iran, which has in turn launched attacks on other countries in the region and disrupted maritime traffic through the Strait of Hormuz, may spark grain contract cancellations, and fertilizer shortages in Brazil, which is highly dependent on imports.

- Prolonged supply disruptions triggered by the US–Iran war could flip the global oil market into a deficit, the IEA said on 5 March. The Paris-based energy watchdog said it is monitoring the situation in the Middle East following the outbreak of war on 28 February, including the implications of any sustained disruption to energy flows through the strategic strait of Hormuz.
- Qatar's energy minister has warned that war in the Middle East could "bring down the economies of the world", predicting that all Gulf energy exporters would shut down production within weeks and drive oil to $150 a barrel. Saad al-Kaabi told the FT that even if the war ended immediately, it would take Qatar "weeks to months" to return to a normal cycle of deliveries following an Iranian drone strike at its largest liquefied natural gas plant.
- Worried about your power bill? You're not alone. Last year residential electricity rates rose an average of 5% in the United States. A few states, particularly in the Northwest and Midwest, saw double that. Or more. Consumers are asking why, but the answers don't come easily, and they vary by location. The factors at play, from the rising power demand tied to data centers to the increase in natural gas prices to some very local reasons such as wildfires in California and hurricanes in Florida.
- China roared into 2026 with exports far outstripping forecasts, fueled by red-hot electronics demand, putting the economy on track to top last year's record $1.2 trillion trade surplus - barring a wider energy and shipping shock from the war in Iran.
- Scores of small Indian steel producers have warned of production cuts as the escalating Middle East conflict disrupts gas supplies to the world's biggest producer of the alloy after China, industry officials said. "We are looking at a 50% production cut as of now and a complete halt ahead, if supplies don't improve within a week," Yogesh Kanakiya, director at Triveni Iron and Steel Industries, said.
- Fighting has halted shipments via the world's most important oil artery, **the Strait of Hormuz (SoH), which handles 20%** of global oil and LNG supply, prompting warnings from Saudi oil giant Aramco about looming "catastrophic consequences" for the market.
- Reuters reporters decided to follow a few white South Africans after US President Trump offered "refuge" to those who he said are "being persecuted by the country's Black majority government" – a claim that Pretoria refutes vehemently. It turns out that thousands of white South Africans are planning to return to the African nation after facing crime, higher living costs and political turmoil in America.
- With nearly 20 million barrels per day of crude oil and fuel trapped inside the Gulf, the situation is getting dire for consumers, particularly in Asia, where governments are rationing fuel, curbing exports, and urging people to use stairs and work from home.
- Trump derided Iran's leaders as "deranged scumbags" and said it was his great honor to kill them as the war in the Middle East approached the two-week mark with heavy exchanges of drone and missile strikes across the region.
- The US issued a 30-day waiver for countries to buy sanctioned Russian oil and petroleum products currently stranded at sea, in what Scott Bessent said was a step to stabilize global energy markets roiled by the Iran war.
- Britain's economy stagnated unexpectedly in January and expanded only weakly in preceding months, underlining investor concerns about its vulnerability to the economic fallout from the war in Iran.

- India, the world's second largest LPG importer, has invoked emergency powers to boost refinery output, yet canteens and hostels say supplies remain tight, forcing menu changes, cuts to hot food and rationing.
- Iran is holding the world's main oil lifeline as a hostage to counter US and Israeli military superiority, causing the biggest supply disruption in history.
- The surge in the spot price of LNG has dragged seaborne thermal coal prices higher, but only for the higher quality grades that can substitute for natural gas in power generation. The spot price of LNG in Asia more than doubled last week as the market digested the loss of nearly 20% of the global supply of the super-chilled fuel after the U.S. and Israeli strikes on Iran effectively closed the Strait of Hormuz, shutting off Qatar's LNG.
- China's iron ore imports in the first two months of 2026 climbed to 210.02 MMT +10% from a year earlier, thanks to stronger exports from major supplier Australia and higher domestic demand.
- China has ordered an immediate ban on refined fuel exports in March in a further step to pre-empt a potential domestic fuel shortage caused by the US-Israeli war on Iran.
- It is becoming increasingly evident that Iran is laying mines in the Strait of Hormuz, according to the UK, as Iran's new supreme leader used his first comments to the media to say the critical waterway should stay closed.
- Oil loading operations have been suspended at the port of Fujairah, two sources told Reuters on Monday, after a drone attack sparked a fire in the emirate's petroleum industrial zone. Fujairah, located on the Gulf of Oman just outside the Strait of Hormuz, is typically a critical exit point for about 1 million barrels per day of the UAE's Murban crude, a volume equivalent to roughly 1% of global demand.
- China has decided to release commercial fertilizer stockpiles for the spring planting season early this year, as war in the Middle East disrupts global trade flows and pushes up prices of key crop nutrients. Beijing has asked firms that store nitrogen, phosphate, and compound fertilizers to sell the crop inputs to local agriculture producers.
- The EU imports more than 90% of its oil and 80% of its gas. Europe's reliance on imported oil and gas means it is highly exposed to global price swings, and no quick fixes are expected.
- Over in India, the LPG shortage featured in Climate Focus has extended to this week. India, the world's second-largest crude steel producer, is facing its worst LPG crisis in decades after the Middle East conflict disrupted supply routes.
- Cuba's national electric grid collapsed on Monday, the country's grid operator UNE said, leaving around 10 million people without power amid a US-imposed oil blockade that has crippled the Caribbean island's power.
- Federal Reserve holds rates steady as Iran war upends economic outlook. Most officials at the US central bank still expect at least one quarter-point cut to interest rates this year.
- The fallout from war in the Gulf is hitting harder in Europe where energy prices are already higher than other regions from Russia's invasion of Ukraine and then punishing US tariffs. Germany's economy alone could face a 40 billion euro hit over two years if oil stays at $100 a barrel, according to the IW German Economic Institute.
- India's Reliance Industries, operator of the world's biggest refining complex, has purchased 5 million barrels of Iranian crude, days after the US temporarily removed sanctions on the oil, three familiar sources said.
- After years of crisis borrowing, public debt has reached historic highs. Rising interest rates mean governments can no longer defer difficult fiscal decisions. But reconciling competing priorities requires something in short supply: public trust.

- Iran attacked and set ablaze a fully loaded crude oil tanker off Dubai on 31 March, after Trump warned the US would obliterate Iran's energy plants and oil wells if it does not open the Strait of Hormuz.
- The latest government numbers as of 29 March said Australia had enough for 30 days of diesel, 30 days of jet fuel and 39 days of petrol.
- Shell is in advanced talks with Venezuela's government to develop four large areas near Trinidad and Tobago, in two of the South American country's largest offshore natural gas fields.
- Fertilizer production is energy-intensive, relying heavily on natural gas as a feedstock, with energy making up as much as **70% of production costs**. As a result, much of the world's fertilizer is made in the Middle East, with **one-third of global trade** in it passing through the Strait of Hormuz. Researchers say that urea fertilizers account for more than 50% of the world's nitrogen fertilizer usage for crops like corn, wheat, rice, some fruit, and vegetables. The global fertiliser market was already tight, with China restricting exports this year to ensure domestic availability, while producers in Europe have cut output due to the loss of cheap Russian gas supply, analysts said.
- Disrupted fertilizer shipments and soaring energy prices from the war in Iran are threatening to create a new food-price surge across vulnerable countries. The Strait of Hormuz, effectively blocked by Tehran, carries some 30% of globally traded fertilisers and Gulf producers are big suppliers of ammonia and urea, according to the UN Food and Agriculture Organization.
- Investors are scooping up stocks in China's renewables industry, as they bet on worldwide demand for solar panels, batteries and green energy equipment to reduce dependence on fossil fuels.
- China's readiness for an energy shock has helped its financial markets to turn in a world-beating March and has global investors looking to boost their exposure as the Iran war drags on.
- Record output from UK wind farms has helped boost total clean power supplies to new highs so far in 2026 and allowed power firms to pare use of fossil fuels to multi-year lows, shielding the UK power system from the worst effects of the Iran war.
- The Consumer Price Index jumped 3.3% in the year through March, reflecting the rising costs for energy and other goods affected by disruptions in the Middle East.
- Middle East War will slow global economic growth, IMF warns. The conflict could also fuel another bout of inflation, according to the IMF.
- The World Steel Association (WSA) has released its Short-Range Outlook steel demand forecasts for 2026 and 2027, forecasting global steel demand growth of 0.3% in 2026 (to reach 1,724 MMT) and 2.2% in 2027 (to reach 1,762 MMT). This compares to the global demand of 1,719 MMT in 2025 (decline of 1.7%) and the expected 2025 demand of 1,749 MMT in WSA's October 2025 forecast. Further, the 2026 outlook represents a notable downgrade from the projected 1.3% growth in the last update, signalling weaker near-term demand.
- Global oil demand is set to contract at the fastest pace since the Covid-19 pandemic, supply plummeted by 10.1mn b/d in March and demand to fall by 800,000 b/d on the year, as the effective closure of the SoH causes the largest supply disruption in history, the IEA said.
- Chinese aluminum exports are expected to surge in coming months as buyers look for other sources of the metal to offset disruptions in the Persian Gulf. The conflict in Iran, now in its seventh week, has choked supply from a region that accounts for about 9% of global output. China, the world's biggest producer, is an obvious alternative. International prices are showing their biggest premium to the Chinese market since 2022, creating an

opportunity for smelters at a time when local inventories of the metal have climbed to a six-year high.

- China's export engine slowed sharply in March as war in the Middle East triggered shocks to energy and transportation costs, hurting global demand and exposing the risks in Beijing's strategy of leaning on manufacturing to sustain growth.
- The IEA sharply cut its forecasts for global oil supply and demand growth, saying both are now expected to fall from 2025 levels as war in the Middle East disrupts oil flows and weighs on the global economy.
- China's President Xi Jinping said on Tuesday that the international rule of law must be upheld for peace and stability to prevail in the Middle East, in a rebuke of the US-Israeli war on Iran. The rule of law cannot be "**used when convenient and discarded when not**," Xi told Sheikh Khaled bin Mohamed bin Zayed Al Nahyan, the visiting crown prince of Abu Dhabi, according to the official Xinhua news agency.
- Russia, the world's largest wheat exporter, said it will create joint food reserves with fellow BRICS members and former Soviet neighbours to counter the risks to global food security stemming from the conflict in the Middle East.
- The IMF cut its growth outlook to 3.1% assuming a short-lived Iran war but said the world was already drifting toward a more adverse scenario of 2.5% growth in 2026 as SoH shipping disruptions continue.
- Global fragmentation is no longer a forecast, it's unfolding now. As security, resilience, and political alignment take priority over cost, the rules of trade, investment, and supply chains are being rewritten, with knock-on effects for inflation, shortages, and volatility. Asia sits at the center of this shift: China, Japan, Taiwan, and South Korea are deeply tied to global trade and advanced manufacturing yet face distinct security constraints and policy priorities.
- China's economy picked up speed early in 2026, riding an export surge before the Iran war sent energy costs soaring and put global demand, vital to Beijing's growth ambitions, at risk.
- Factory workers protesting over the high cost of living in Noida, a suburb in India's northern state of Uttar Pradesh, clashed with police this week. Noida is among the largest planned industrial townships of Asia and houses thousands of industrial units. Living costs across the world have risen as the US-Israeli war on Iran curbed fuel supplies. Similar protests in the auto-making state of Haryana last week led to the government ordering a 35% hike in minimum wages.
- China continued to build the world's largest stockpile of crude oil in March even as the rest of the world started to draw on inventories to compensate for the loss of millions of barrels from the effective closure of the SoH.
- The Iran war has strongly boosted prices of the urea fertilizer that is vital to ensuring a successful wheat harvest in Argentina, forcing farmers into a bind weeks before the crop's season begins next month.
- People are striving to maintain a semblance of normal life in Iran after airstrikes and Internet cuts. They fear a new government crackdown and are living with an economy in tatters. But one woman told us something instructive for the White House: "It is not very bad. We can live with it."
- Iranian President Pezeshkian said that every rational and diplomatic path should be used to reduce tensions, but added that vigilance and distrust in interactions with the US were an "undeniable necessity".
- The trading desks of EU's top three oil majors have reaped billions of dollars from the energy supply crunch caused by the Iran war, eclipsing their more cautious US rivals and helping offset the conflict's impact on their production operations.

- Trump called off attacks on Iran indefinitely, though the Strait of Hormuz remained blocked with three ships reportedly hit by gunfire, and neither side showed up for peace talks in Pakistan.
- British inflation rose to 3.3% in March from 3% in February, according to data showing the first impact on prices from the Iran war which the Bank of England fears could lead to a return of the country's persistently high inflation problem.
- First was the post-pandemic inflationary surge in 2021, quickly amplified by Russia's invasion of Ukraine in 2022. Now, four years later, comes the Iran war, which has sparked the greatest disruption to oil and gas supplies in history. The world has averaged one major energy crisis per decade since World War Two.
- The return of El Nino weather conditions is expected from as early as May this year, potentially affecting global temperatures and rainfall patterns, the World Meteorological Organization (WMO) said. Forecasts for the strongest El Nino in a decade promise hotter, drier weather across Asia in the second half of 2026, hitting crops and food supplies while farmers grapple with fertiliser shortages and costly fuel caused by the Iran war.
- Profits at China's industrial firms grew at their quickest pace in half a year last month, adding to broader signs of an uneven economic recovery in the first quarter as policymakers brace for the impact of the Middle East war.
- As the Iran war disrupts global flows of oil and gas and energy prices skyrocket, Albania is an example of how countries with higher renewables output have been protected from steep rises in electricity prices.
- Nigeria's giant Dangote refinery is benefiting from record margins on jet fuel, which it mostly sells abroad, while the domestic airlines it also supplies have threatened to stop flying because of the surge in fuel prices.
- US LNG exporters have so far offset the drop in shipments from Qatar following Iranian attacks on its facilities and the closure of key Middle East shipping lanes, ensuring that total supplies remain at record highs despite the war.
- China's exporters of batteries, solar systems, electric vehicles and other clean energy components posted record sales last month as the Iran war and subsequent closure of the Strait of Hormuz cut off oil and gas supplies from the Middle East. Combined sales of Chinese clean energy parts and products totaled $26 billion in March, which was by far the highest clean tech monthly tally ever recorded by the world's top battery, EV and solar panel maker. The monthly receipts total was up 30% from February and 52% above the same month in 2025.
- Chinese construction activity suffered its biggest slump since the early stages of the Covid pandemic and the services sector fell back into contraction, even as exports kept factories humming despite the disruptions caused by the war in Iran. Powered by demand overseas, the official manufacturing purchasing managers' index fared better than forecast in April but slipped to 50.3, remaining above the threshold that separates contraction from growth
- Chicago corn extended gains to hit the highest level in a year as war-driven spikes in fertilizer and energy prices raised production costs, threatening yields, and acreage for the nutrient-intensive crop.
- The war in the Middle East has left Asian buyers grappling with a two-speed diesel economy, as poorer states face acute shortfalls, while wealthier nations with large refining industries enjoy sizable buffers. Refining powerhouses China and South Korea curbed product exports after processors were forced to cut run rates.
- with the Hormuz holdup poised to endure, The Economist argues the overall market optimism is misplaced. This week (26 April), oil prices briefly spiked to a four-year high ($126) before receding (to $108). Given how much oil Hormuz's closure has taken off the

market, The Economist suggests that price should be $150, but "oil markets are still in La-La land," unwilling to price in the pain of an extended Hormuz shutdown.
- BP's Q1 profit more than doubled y-o-y to $3.2 billion, its highest since 2023, the British oil major reported, beating expectations by 20% after the Iran war boosted its oil trading results.
- Farmers worldwide are facing a second fertilizer price shock in four years due to the US-Israeli war on Iran. Grain prices are too low to cushion the blow from the deeper supply crunch, leading many farmers to rethink their planting plans, threatening global food output.
- Two months into a war with the US and Israel, Iran no longer has a single, undisputed clerical arbiter at the pinnacle of power, an abrupt break with the past that may be hardening Tehran's stance as it weighs renewed talks with Washington.
- US intelligence agencies are studying how Iran would respond if Trump were to declare a unilateral victory in the two-month-old war that has killed thousands and become a political liability for the White House.
- The Federal Reserve held interest rates steady but Jerome Powell's final meeting as Fed chair exposed a rare 8-4 split. Plus, Powell says he's sticking around to stay on as a Fed governor.
- The US is pushing for other countries to form an international coalition to restore freedom of navigation in the Strait of Hormuz, according to a State Department cable.
- The US war in Iran has cost $25 billion so far, a senior Pentagon official said, providing the first official estimate of the military's price tag for the conflict.
- Rice supply is expected to fall this year as farmers cut planting acreage across Asia because of fertiliser shortages and soaring fuel costs from the Iran war, with an emerging El Nino also set to squeeze output of the world's most consumed staple.
- The UAE will become the largest oil producer to quit OPEC, a heavy blow to the organization and its de facto leader Saudi Arabia. It's also the fourth producer to leave OPEC+ in recent years.
- US economic growth regained speed in Q1 as businesses boosted investment in AI and government spending rebounded after a crippling shutdown, but the pickup is likely temporary.

Factors affecting the BDI

- On the supply side, the forward order book to fleet ratio to end of 2029 at 12.57% is marginally higher than the current 20-year-olds at 11.68% of the existing fleet at the start of Q2 2026, with demolitions and fleet recycling starting on a softer note this year amid steady flow of bulker deliveries; EEXI/CII's impact to slow the world fleet is still felt strongly since the start of 2024; and trade uncertainty adding to the short-term volatility; Order volumes continue to rise despite a hike in newbuild prices.
- World steel production reached 459.2MMT in Q1 2026, down by 2.3% from Q1 2025.
- China's output declined by 4.5% y-o-y, in contrast to a 10.8% rise in India's production.
- Coal outlook turns more positive: Qatari LNG supply disruptions have led Asian economies including Taiwan, Japan, South Korea, to ease coal restrictions and extend coal power plant operations, supporting a stronger near-term demand outlook and reinforcing coal's role in energy security.
- China imported 16.6 MMT of soybean down 3.1% in Q1 26 compared to Q1 25.
- China imported 0.77 MMT of corn up 196.2% in Q1 26 compared to Q1 25.
- China imported 1.79 MMT of wheat up 496.7% in Q1 26 compared to Q1 25.
- China imported 314.8 MMT of iron ore up 10.3% in Q1 26 compared to Q1 25.

- China imported 116.3 MMT of coal up 1.2% in Q1 26 compared to Q1 25.
- China imported 57.3 MMT of bauxite/alumina up 21.7% in Q1 26 versus Q1 25.
- China exported 24.7 MMT of steel down 10% in Q1 26 compared to Q1 25.
- China's average PMI index was 49.6 during Q1 26.
- China's GDP growth was 5.0% in Q1 2026. The Middle East conflict has exposed a key vulnerability: as the world's largest energy importer, China is highly sensitive to oil shocks, which are already weighing on trade, raising costs, and clouding the outlook. While it can absorb short-term disruptions, prolonged high energy prices could increase pressure, though its strong power infrastructure may still offer some support to exports. Please keep in mind that China uses 20% of renewable power in its current power mix; it also adds more renewable power annually than the ROW combined; and it has 1.4-1.6 billion barrels of oil in its strategic oil reserves, more than every other country on earth.
- China's iron ore imports hit a record 314.8 MMT (+10% YoY) in Q1 2026, driving most global demand growth despite weaker steel exports (~–10% YoY); record port stockpiles signal inventory build, with Australia leading gains (~+15 MMT YoY), Brazil at +5 MMT in tonne-mile terms is equivalent to more than 15 MMT from Australia, and emerging diversification via Guinea, Liberia, and Venezuela (adding to longer tonne-mile growth).
- China's soybean import demand remains a key swing factor for Panamax trade, with recent data showing softer uptake from Brazil (March shipments to China down ~1.2 MMT YoY to 10 MMT) amid inspection-related delays, while uncertainty around US–China trade engagement and weaker Chinese feed demand (linked to lower hog prices and substitution toward cheaper alternatives) could further weigh on China's willingness to buy increased soybean volumes from both Brazil and the US.
- China's industrial production rose 6.1% in Q1 2026, while industrial profits increased 15.5% y-o-y, driven primarily by equipment manufacturing. Electronics profits surged 124.5%, while railway, shipbuilding, and aerospace manufacturing grew 16.7%, alongside a 47.4% rise in high-tech manufacturing profits. However, strong domestic supply and weak domestic demand still remain.
- According to Clarksons end Mar report, ton-mile demand will increase from earlier projection (in Dec 25) of 2.0% to 2.4% in 2026 and of 1.4% (projected in Dec 25) to 1.2% (projected in Mar 26) in 2027 compared to net supply growth of 3.6% in 2026 and 3.7% in 2027. While EEXI and CII will reduce overall bulker fleet supply by 3.5% in 2026, through slower speeds and retrofit time.
- In Q1 2026, the Capesize TC index averaged $ 22,902/day (+76% y-o-y), started the quarter at $24,687, reached a trough of $16,226 on 15 January, a peak of $28,306 on 30 January, and then closed out the quarter at $23,221. The Panamax (82k) index in Q1 averaged $15,395/day (+61% y-o-y), started the quarter with a trough at $11,536, reached a peak of $18,127 on 4 March and closed the quarter at $15,692. The Supramax index (63k) in Q1 averaged $14,577/day (+41% y-o-y), started the quarter at $13,601, reached a trough of $12,038 on 13 January, a peak of $17,600 on 5 March, and then closed the quarter at $15,190. The Handysize index in Q1 averaged $12,411/day (+37% y-o-y), started the quarter at $12,329, reached a trough of $10,578 on 16 January, a peak of $15,002 on 9 March and closed the quarter at $12,629.
- Chinese government data for Q1 2026 showed government spending increased by 2.6% y-o-y, hitting the fastest pace in five years, while revenue grew by 2.4%, leading to an increase in fiscal revenue by 2.7% y-o-y for the period.
- In April 2026, the IMF lowered its global growth forecast to 3.1% for 2026 and 3.2% for 2027, down from its January projection of 3.3% for both years, reflecting the impact of

Middle East conflict-driven energy price spikes and growing concerns that ongoing disruptions to shipping through the Strait of Hormuz will further weaken global growth.

- The IMF has also revised its US growth forecast to 2.3% for 2026 and 2.1% for 2027, both down by 0.1pct from its January estimates, driven by tax cuts, delayed impact of interest rate cuts, and ongoing AI data center investment, which help offset higher energy costs. These effects are expected to continue into 2027.
- IMF projected China's growth at 4.4% in 2026 (down 0.1pct from January), as higher energy and commodity costs are partly offset by lower US tariffs and policy stimulus, while growth is expected at 4.0% in 2027 (unchanged), weighed down by a weak housing sector, a shrinking labour force, lower investment returns, and slowing productivity.
- India saw a slight forecasted growth upgrade to 6.5% for both 2026 and 2027, due to strong growth momentum at the end of 2025 and lowered US tariffs on Indian imports.
- EU still dealing with high energy costs from the Ukraine war, is set to be further hit by the Middle East war, with growth downgraded to 1.1% in 2026 and 1.2% in 2027.
- Emerging and developing economies, given their higher reliance on oil will be hit harder than advanced economies, with 2026 growth cut to 3.9%.
- The orderbook to fleet ratio at the start of Q2 26 for the dry-bulk sector was 12.57%, the highest since 2016. Ships 20 years or older, comprising 125.11 MDWT or 11.68% of the existing fleet at the start of Q2 26 would be ideal candidates for recycling in 2026/2029.
- During Q1 of 26, 1.22 MDWT of ships were recycled across the dry bulk fleet compared to 1.11 MDWT (down by 9.9%) in Q1 25. The existing age profile at the start of Q2 26 of 125.11 MDWT or 11.68% of the world fleet being 20 years or older, combined with larger levels of the order book to fleet ratio of 12.57% (order book up to end 2029 compared to net supply at the start of Q2 25), should result in the world dry bulk fleet growing at a reasonable pace in a stable market.
- PSL's exposure to the smaller geared segments means that we will be exposed to growth in net supply of 4.0% in 2026, with minor bulks growing at 2.1%, according to Clarksons.
- Containerships ordered in 2025 took the total orderbook to 11.2 M-TEU at the start of 2026. The order book to fleet ratio for Containerships at the start of 2026 is 34% compared to start of 2025 figure at 27%. At the start of Q2 2026, the orderbook to fleet ratio for Containerships stood at 36.6% when compared to 28.6% at the start of Q2 2025 (Clarksons January 2025, January 2026, April 2025, April 2026 CIM).

Supply Side Developments

We started 2026 with 1,061.38 MDWT and have increased to 1,070.89 MDWT (+0.90%) at the start of Q2 2026. If we were to apply slippage of 5% (it was actually 13.9% for Q1 2026) to the scheduled deliveries in 2026 and 2027 and assume recycling reaches 10 MDWT in 2026 and 2027 (it was actually 1.22 MDWT in Q1 2026 and 5.62 MDWT in 2025) we would be left with a net fleet growth of 3.29% (1,061.38 MDWT to 1,096.32 MDWT of which 386.23 MDWT to 399.86 MDWT for the geared sector +3.53%, 675.14 MDWT to 696.45 MDWT for the gearless sector +3.16%) by end of 2026 and 3.16% by end of 2027 (1,096.32 MDWT to 1,131.0 MDWT of which 399.86 MDWT to 410.39 MDWT for the geared sector +2.63%, 696.45 MDWT to 720.61 MDWT for the gearless sector +3.47%). While net supply growth in the dry bulk market is projected at 3.6% and 3.7% y-o-y for 2026 and 2027, respectively. Newbuild activity for bulkers rebounded in Q1 2026, with 8.3 MDWT of contracts placed, up from 6.2 MDWT in Q1 2025. According to Clarksons, over the last 5 years, the average Q1 orderbook in the bulk carrier segment has been at 106.61MDWT, while the geared segment, comprising Supramaxes and Handysizes, has averaged 39.7 MDWT in Q1 orders. Although vessel deliveries remain steady and recycling limited, the impact on effective supply is partly offset by around 1% of the fleet being trapped in the Gulf, alongside increased off hire from drydockings and slower operating speed trends observed among the bulkers.

Special Surveys and EEXI's Impact on the Supply side

PSL's vessel speed before and after EEXI compliance

Vessels with EPL Application

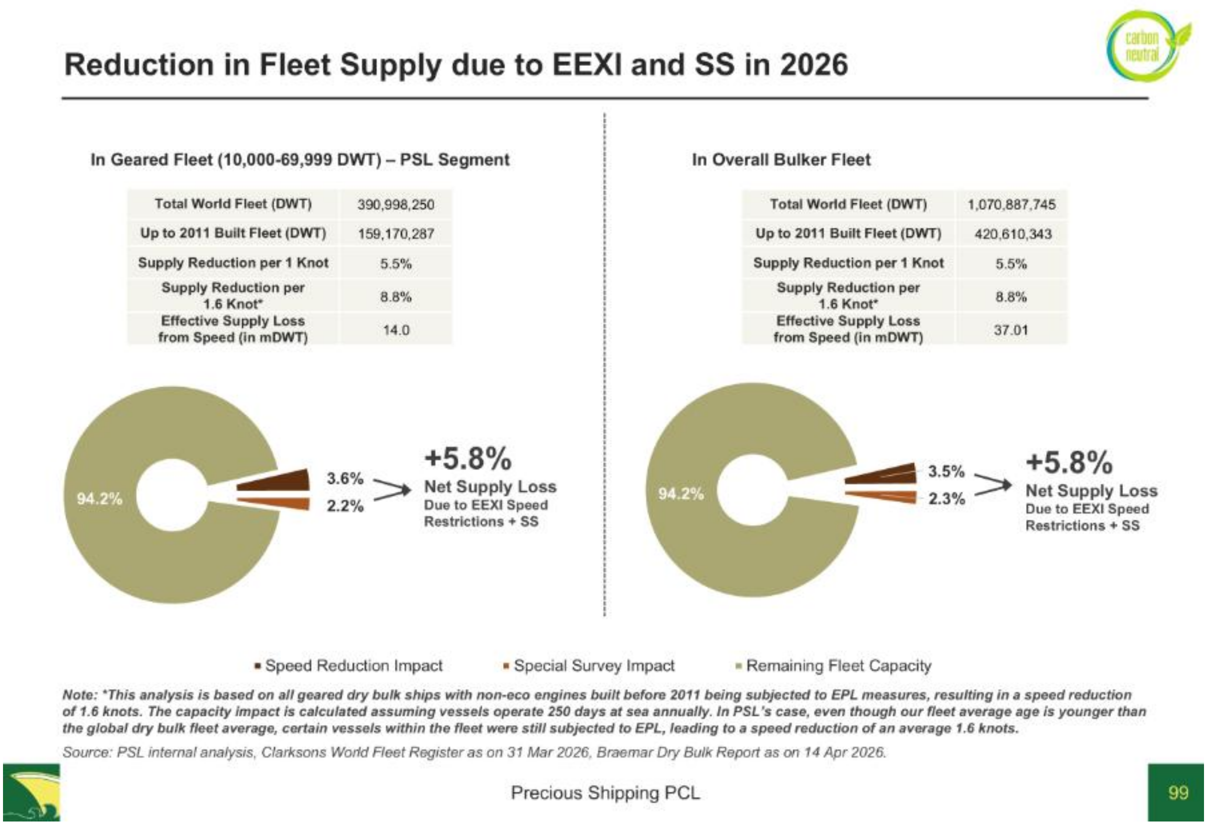
Vessels	Speed before EPL Application	Speed after EPL Application	K Change
Mallika Naree	14.5	13.40	-1.10
Mookda Naree	14.5	13.51	-0.99
Ananya Naree	14.1	12.31	-1.79
Benjamas Naree	14.2	12.30	-1.90
Chintana Naree	14.2	12.32	-1.88
Lanna Naree	14.2	13.17	-1.03
Latika Naree	14.4	13.15	-1.25
Kanchana Naree	14.0	11.86	-2.14
Kirana Naree	13.6	11.62	-1.98
Apiradee Naree	13.8	11.82	-1.98
Average of 15 Vessels	14.2	12.6	-1.6K

Vessels	Speed before EPL Application	Speed after EPL Application	K Change
Baranee Naree	14.1	11.91	-2.19
Chayanee Naree	14.2	11.77	-2.43
Daranee Naree	14.3	11.78	-2.52
Sarika Naree	14.1	13.97	-0.13
Sarita Naree	14.2	14.15	-0.05

Note:
- *For every1 knot reduction in speed of the entire world fleet, it would equal to 5.5% supply reduction based on 250 days at sea.*
- *Our ships speed was reduced by 1.6 knots after EPL application, and applying our speed reduction to the world dry bulk fleet it would reduce the existing supply by 3.6% based on non-eco engine ships, and 250 days at sea.*

Precious Shipping PCL 96

From the above slide you can see that despite the PSL fleet averaging less than the world average age, they have suffered a 1.6K speed reduction via Engine Power Limits (EPL) being placed on our ships.



The analysis in the above slide is based on all geared dry bulk ships with non-eco engines built prior or during 2011 being subjected to EPL measures, resulting in a speed reduction of 1.6 knots. The capacity impact is calculated assuming vessels operate 250 days at sea annually.

Special Surveys (SS) are quietly tightening the geared bulk fleet supply

Vessels aged 5, 10, 15, 20, 25, 30-years undergo mandatory SS causing temporary vessel unavailability. SS periods: 15–40 days depending on vessels age. This does not consider any ballast time or waiting time to enter the drydock. Handysizes recorded an average daily number of 54 vessels undergoing SS. Average daily number of Supras/Ultras in SS averaged 75 vessels. The supply of geared bulkers is estimated to have declined by 2.2% in 2025 and is projected to decline by 2.2% and 2.4% in 2026 and 2027, respectively, due to SS. In 2024, geared bulkers experienced a 1.7% loss in supply due to SS. The supply impact is measured from the end of a vessel's previous laden voyage to its departure after completing SS.

Disruptive Shipping Chokepoints

- According to Clarksons, 24% of world trade passes via the Malacca Straits; 11% via the Straits of Hormuz; 9% via the Suez Canal; 4% via the Danish straits/entrance to the Baltic Sea; 3% via the Bosphorus in Turkey to enter the Black Sea; and 3% via the Panama Canal. As geopolitics and climate change have an even greater impact than ever before, it will be important to keep a close watch on these disruptive chokepoints. That is why we keep repeating these critical chokepoints in every quarterly newsletter.
- Around 20% of the world's oil and gas supplies, and 33% of fertilisers are exported from the Mideast Gulf through the Strait of Hormuz (SoH), a narrow shipping lane between Iran

and Oman. Since the start of the war by USA and Israel bombing Iran on 28 February 2026, Iran has closed the SoH, and global energy prices have soared. Not great news for the world economy.

- Why have single points of failure to avoid chokepoints from being closed proliferated in recent decades and what can the world do to boost our collective resilience to such closures. In fact, the more important question is, why do leaders not foresee such closures and avoid taking the very actions that precipitate them?

Pope Leo XIV

- It is quite amazing that in a country which always invokes 'God', you can have a political personality depicting himself in a picture as if he was Jesus Christ.
- Pope Leo told Reuters that he plans to continue speaking out against war after Trump's direct attack on the leader of the 1.4-billion-member Church.
- In a forceful speech on Monday (13 April) during his tour of Africa, Pope Leo blasted violations of international law by "neocolonial" world powers, hours after Trump's direct attack on the leader of the 1.4-billion-member Church. "**I will continue to speak out loudly against war**, looking to promote peace, promoting dialogue and multilateral relationships among the states **to look for just solutions to problems**," the Chicago-born pope said.
- Defense Secretary Hegseth compared “Trump-hating” reporters to the enemies of Jesus.
- Pope Leo used the last full day of his four-nation Africa tour to speak out against wealth inequality, urging believers to work to bridge the gap between rich and poor.
- Pope Leo returns to Rome after wrapping up an ambitious four-nation Africa tour in which he forcefully decried the direction of global leadership, and denounced despotism and war.

The IMO and Regulations

- The classic, ‘too little, too late’, could be the most charitable way to describe the efforts of the IMO to get global shipping across the zero GHG emissions line by 2050. As we have been reiterating in our various newsletters over the last few years, bold action that was needed has not only been avoided but the delays at the IMO amid consensus building have now run into the roadblock of the Trump administration. Trump has, subsequently, thrown down the gauntlet that his administration will not support the IMO’s efforts to get shipping across the zero GHG emission line by 2050. The dream of shipping, of becoming the first global industry to have a policy for reaching zero GHG emissions by 2050, was shattered by Trump forcing the October meeting to delay a vote by one year on the pre-agreed GHG emission reduction mechanism, the Net-Zero Framework (NZF), agreed at the MEPC April meeting.
- There are two things that the IMO can still do to get shipping much closer to the Net-Zero but via a different route dictated by the market. Just as all single hull tankers had to be phased out by 2015 via the Oil Pollution Act of 1990, promulgated by the IMO as a reaction to the Exxon Valdez oil spill, the IMO could pass legislation to have all ships 20 years or older be sent to the recycling yards by a date a couple of years in the future. This would reduce GHG emissions by recycling the biggest gas guzzlers, the older ships that were designed and built in an era where power was far more important than economic consumption of fossil-based fuel oil. At the same time, the IMO should also pass another legislation, with a deadline at least two years later than the deadline to scrap 20 years or older ships, not allowing any newly built ship to be delivered after that deadline that had fossil-based fuel oil as the source of power. Any such new ship,

delivered after the second deadline, would be sent to the recycling yards straight from the delivery shipyard. Between these two legislations becoming effective, there would be a gap of about 5 years, during which time the shipyards, the engine makers, the fuel of the future producers/suppliers, all would know definitively the number of 'replacement' Net-Zero ships that would need to be built, and the quantum of 'green' fuels that they would consume, to replace all the older than 20 years old ships that would be recycled. The shipyards would be forced to look at only producing 'green' ships, post the deadline on 'newly' built ships with fossil-based fuel oil engines. In fact, the entire shipbuilding eco system would be geared towards making Net-Zero ships not just possible, but probable, with a good chance of full success before the 2050 deadline. These two deadlines would tighten the supply of ships around the world and require everyone to pay for the transition from fossil-based fuel oils to the net-zero fuels of the future, with no need for any carbon tax to be implemented at all.

- A Mediterranean splinter cell within the EU further complicates the calculations on what happens next in terms of carbon regulation, but it also points to an increasingly fragmented debate within the IMO. Realistically what happens between here and the opening of the NZF box [in October 2026] is going to further divide political groupings within the IMO down geopolitical lines. Whether the NZF emerges dead or alive is almost irrelevant at this stage because the political divisions are looking sufficiently entrenched to ensure that progress is going to stall, regardless. (Lloyd's List, op-ed, 1 Dec 25)
- The IMO will resume fractious negotiations on emissions pricing. But few expect a breakthrough in October, given the US' ruthlessness against UN climate efforts. (Lloyd's List, op-ed, 11 Jan 26)
- The deal between Greece and Saudi Arabia to join forces on the IMO's Net-Zero Framework is another sign that the carbon price is dead in the water, at least for now. But it is not a decisive blow against the green shipping movement, so much as recognition that such a blow has already been struck, at the IMO last year. Few insiders think the NZF, the world's first global carbon tax, will be adopted while Trump is in office. (Lloyd's List, op-ed, 18 Jan 26)

Alternative-fuel initiatives such as ammonia, methanol, and hydrogen bunkering depend on a predictable regulatory environment to attract capital and scale infrastructure. Without clear long-term rules in place, financing and deployment are likely to slow as investors reassess the commercial case for cleaner fuels.

For companies that had already begun preparing for the IMO framework, whether through carbon pricing models, fuel switch strategies, or contract revisions, the pause introduces uncertainty rather than relief. The underlying legal and operational architecture remains essential, but the absence of a firm regulatory anchor means planning must now account for a wider range of potential outcomes.

At the same time, ESG and litigation risks persist. Many carriers and logistics providers have set voluntary net-zero targets, and those commitments remain subject to investor scrutiny regardless of regulatory delays. If tangible progress lags public pledges, companies may face allegations of greenwashing or misrepresentation, particularly as disclosure standards tighten across jurisdictions.

The delay also increases the likelihood of regional fragmentation. In the absence of a single global standard, jurisdictions such as the European Union and the United Kingdom are advancing their own maritime carbon pricing systems, and others may follow. The resulting patchwork could complicate compliance for global operators and create uneven cost structures until an international framework is ultimately adopted.

IMO MEPC Meeting No.84 is taking place in London from 27th April to 1st May 2026 where the focus is on the following agenda and results are awaited: GHG reduction rules; Carbon pricing mechanisms; Fuel lifecycle (well-to-wake) guidelines and; CII review (Phase 2).

And prior to the IMO MEPC Meeting No.85 expected to take place in October 2026, the next Global Maritime Forum (GMF) Annual Summit will take place in Shanghai in Oct 2026. The Shanghai 2026 summit is expected to focus on the following main points: Push fuel transition discussions (ammonia, methanol, etc.); Align industry ahead of IMO's 2026 decision cycle; Bring stronger Asian (especially Chinese) influence into the debate.

- This time last year, the US walked out of talks because of its opposition to a levy on the most polluting vessels. Six months later, it carried out its promise of retaliation with a fierce campaign of lobbying that led to a year-long delay in the strategy. This time around, its supporters believe there is enough support to block any plan to raise $11bn to $13bn a year from shipowners that break emissions targets, which will fund the move to cleaner fuels. (TradeWinds, 30 Apr 26)
- The US successfully led a campaign to delay any decision for 12 months during a stormy meeting at the global shipping regulator in October 2025, and it wants a further delay for any rescheduled meeting on shipping's decarbonisation strategy into 2027, according to industry sources. (TradeWinds, 1 May 26)

Population Growth

Population growth, combined with increased urbanization, and an increasing middle-class population, is the single most important factor that drives secular demand for minor dry bulk cargo growth. As the geared dry bulk fleet carries the largest portion of minor bulk, it is most impacted by the increasing growth in the middle class, urbanized population, characterized by single person homes. Global projections from the latest UN-based estimates and syntheses suggest the world population will be around 8.5–8.6 billion in 2030, about 9.7–9.8 billion in 2050, and peak at roughly 10.3–10.4 billion in the 2080s before stabilizing or slightly declining by 2100.

Key global numbers

- 2024 (today's reference): about 8.2 billion people.
- 2030: about 8.5–8.6 billion people.
- 2050: about 9.7–9.8 billion people.
- Peak: around 10.3–10.4 billion in the mid-2080s, then slightly declining toward about 10.2–10.3 billion by 2100.

Main drivers

- Falling fertility rates in most regions, with especially **rapid** declines in countries like China and many high-income economies.
- Continued relatively high fertility in parts of sub-Saharan Africa and some Asian countries, which accounts for most of the remaining growth.
- Population ageing almost everywhere, with more countries (over 60 as of 2024) already seeing absolute population decline due to low fertility and emigration.

After reaching this peak, the global population is expected to gradually decline toward the end of the 21st century, with estimates of about 10.2-10.3 billion by 2100. This population growth slowdown and eventual decline are largely driven by falling fertility rates, especially in major countries like China and India, along with demographic aging and lower birth rates in many regions.

Key points on world population trends:

- The global population in 2024 was about 8.2 billion.
- By 2061, the population may reach around 10 billion.
- India is expected to peak earlier (around 1.7 billion by 2061), then decline.
- China's population is already shrinking and projected to fall sharply by 2100.
- Africa, particularly sub-Saharan countries like Nigeria and Ethiopia, will contribute most of the growth in coming decades due to higher fertility.
- Population momentum, the effect of many people in reproductive age despite lower fertility rates, will sustain growth for some time.
- Some scenarios suggest population growth could peak sooner, but the consensus expects a peak around the mid-2080s, after which it will gradually decline due to demographic shifts and lower fertility worldwide.
- Demographics may not be destiny, but for students of geopolitics, they come close. Although conventional measures of economic and military power often receive more attention, few factors influence the long-term competition between great powers as much as changes in the size, capabilities, and characteristics of national populations.

Urbanization

Urbanization is a rising global trend according to the UN report on World Urbanization Prospects with the percentage of urban population rising from 55% in 2018 to 68% by 2050. North America had an urban population of 82% in 2018 while the EU had 74%. India is expected to have less than 50% of urban population by 2050. Just three countries, India, China, and Nigeria, are expected to account for 35% of the projected urban population growth between 2018-2050. The percentage of single person houses in Stockholm has grown to over 50% as of 2017. And what happens in Scandinavia happens in the rest of the world, just a couple of decades later. So, urban dwellers will increasingly become single-person homes in the future, and all such homes would require their own white goods (fridges, washing machines, clothes dryers, microwave ovens, etcetera), their own modes of transport, be it cycles, mopeds, motorbikes, or cars. All urban living, and its associated goods, would need steel, cement, wood to build, furnish with beds, cupboards, white goods, soft furnishings like curtains, bed sheets, bed covers, mattresses, pillows, pillowcases, etcetera. Every single item mentioned, or their starting raw materials and/or semi-finished intermediaries, have all been transported by sea multiple times and have added to ton-mile demand for dry bulk shipping. In conclusion, as urbanization increases and most urban people tend to live in single-person homes, so does the demand increase for minor dry bulk goods transportation by sea.

The number of cities with more than 1 million people will jump from 275 [in 1980] to nearly 1,600 in 2080, when world population is expected to peak.

Inequality

- Inequality is a social construct marred by stark disparities in wealth, income, education, and opportunities in a society. It is caused by issues, like unequal access to quality education, healthcare, and employment; concentration of power in mega corporates; and the wealthy elite not caring for the have-nots. Discriminatory practices, and taxation systems are loaded in favor of the ‘haves.’ And it matters very little if you live in the richest country like the US, the homeless capital of the world, or in the poorest countries from the Global South, it is the poorer sections of humanity, mainly people of color, that gets hurt the most by geopolitics and the excesses of neoliberal capitalism. One of the SDGs of the UN is to lift people out of poverty. That has happened in China to a very large extent and the consumption of meat there has skyrocketed. Dry bulk ships carry the animal feed ingredients where volumes have shot up to cater to this meat-eating orientation achieved in China. As the common man in any country starts to migrate from being dirt poor to lower middle class, and then to upper middle class, they start to change their eating habits going from a largely vegetarian diet to a diet rich in white and red meat, with food wastage in the present becoming the norm rather than the exception it was in their past, in the new found economic freedom that has been attained. The conversion factor is 2.5 kilos of grain to one kilo of live weight in white meat and up to 6 kilos of grain for one kilo of live red meat. Hence, as the burgeoning middle class settle into a carnivorous and wasteful lifestyle, the amount of grain needed to satisfy their food cravings, and wastage, spikes upwards and demand for dry bulk ships to transport such grains increases dramatically. That is why equality of wealth, ergo a larger, and ever larger, urbanized middle class, single person home, is so important to our business.

- A very short BUT interesting video on seafaring by the Global Maritime Forum. "Long hours, isolation, limited shore leave, and poor connectivity. These are just some of the challenges of working at sea. The nearly two million seafarers **who keep international trade moving often face working conditions that would be deemed unacceptable** in other industries. As a result, the sector faces serious challenges in attracting and retaining talent."
- Mayor Mamdani's speech 'Welcome the Stranger' at the inter-faith breakfast meeting, 6 February 2026.
- The wealthiest 1% of households in Singapore hold about 14% of the country's total household wealth, a share that is "broadly comparable" to advanced economies with similar levels of wealth inequality, said Senior Minister of State for Finance Jeffrey Siow on 25 February. The top 5% in Singapore hold about 33% of the country's household wealth, he added in his response to parliamentary questions about the Ministry of Finance's recent data on wealth and income inequality. Singapore's wealth inequality coefficient stands at 0.55, comparable to estimates for other advanced economies like the UK, Japan, and Germany, which range from 0.6 to 0.7.
- As recently as late 2017, no one on Earth had ever been worth more than $100 billion. Less than a decade later, 18 people on the Bloomberg Billionaires Index clear that mark. A successful SpaceX initial public offering could make Elon Musk, whose fortune now tops $670 billion, the world's first trillionaire. And at this rate, he may not be the last this decade.
- Men own 70% of assets. On average, across asset classes, men own significantly more than women and the ratio seems to be persistent at a 70/30 split. We conclude that ownership is unevenly distributed, and that the averages are further skewed by men in the high-income deciles. In lower deciles, ownership is somewhat more evenly distributed. (DNB Carnegie, 9 Mar 26)
- World Bank President Ajay Banga is sounding the alarm about a huge gap in jobs for the 1.2 billion people who will reach working age in developing countries in the next 10 to 15 years as those economies will generate only about 400 million jobs, leaving a deficit of 800 million jobs.
  - SpaceX's board has approved a compensation plan for founder Elon Musk with goals as futuristic and celestial as the company's ambitions: colonizing Mars and running data centers in outer space.

AI, Data Centers, & EVs

AI and EVs should be the type of technology that makes people's lives better. Economists generally view innovation as the main long-term contributor to living standards, as new ideas make people more productive and richer, freeing up time to innovate anew. But there is a second strand of thinking, and it holds that political institutions matter most of all. This year, the pioneers of that school, Daron Acemoglu, Simon Johnson, and James Robinson, of MIT and the University of Chicago, won the Nobel prize in economics for their work. The trio contends that more inclusive, more democratic political institutions are the primary driver of economic growth, because they allow citizens to share in the fruits of their labor. Lately, Acemoglu and Johnson have warned that AI could centralize power and therefore lead not to prosperity but to tyranny. AI and EVs will keep global power demand at all-time highs, once again making the 'rumors of the demise of King Coal', paraphrasing the immortal words of Mark Twain, are 'being greatly exaggerated.' This will mean coal, the cheapest and most polluting power source, will remain in strong demand till alternate green, or less polluting fossil fuel power stations, can take up this power-hungry challenge posed by AI and EVs. While this is bad for the planet and will further boost climate change, it will be good for demand for dry bulk ships. A single query processed by AI models like ChatGPT can require up to 10 times more energy than a standard Google search, highlighting the intensive nature of AI computations. Thanks to AI, data centers are popping up across the US; The climate price is steep; The surge in power demand is unlike anything utilities have seen in decades, perhaps not since World War II; That is going to complicate the country's already bumpy shift to clean energy as power demand is expected to climb almost 16% over the next five years; The AI boom and its need for juice is also a driving a surprise resurgence of gas-fired power; One area that may thrive is nuclear, which has seen a surge in interest from tech companies and climate advocates alike; Here is an explainer on how AI wants more data, more power and, really, just more of everything. A new paper, from teams at the Harvard T.H. Chan School of Public Health and UCLA Fielding School of Public Health, examined 2,132 data centers operating in the US (78% of all facilities in the country). These facilities, essentially buildings filled to the brim with rows of servers, are where AI models get trained, and they also get "pinged" every time we send a request through models like ChatGPT. They require huge amounts of energy both to power the servers and to keep them cool. Since 2018, carbon emissions from data centers in the US have tripled. For the 12 months ending Aug 2024, data centers were responsible for 105 MMT of CO_2, accounting for 2.18% of national emissions (for comparison, domestic commercial airlines are responsible for about 131 MMT). About 4.59% of all the energy used in the US goes toward data centers, a figure that's doubled since 2018; China realizes that AI and EVs are the future and are trying their utmost, despite all the hurdles and obstacles thrown their way by the West, to reach their objective to be number one in AI too, that will require even more power than they currently use and or produce. China has already dominated EVs, and their desire to dominate AI, will create extraordinary demand for power.

- China's unmatched status as the global leader in clean energy technologies is perhaps best underscored by the massive reach of its EV exports, which hit nearly $70bn in 2025, spanning over 150 countries and territories.
- Today's top story is a Reuters investigation on the use of AI in healthcare. Proponents predict the new technology will help the industry. But a Reuters review of safety and legal records, as well as interviews with doctors, nurses, scientists and regulators, revealed some of the hazards of AI in medicine as device makers, tech giants and software developers race to roll it out.
- Adani Enterprises said that the group will invest $100 billion to build renewable energy-powered AI-ready data centers by 2035, as it seeks to create the world's largest integrated data center platform and establish India as a leader in the global AI race.

- In December 2025, xAI announced plans to build another data center which will expand the footprint and total power demand for its Memphis area operations close to 2 gigawatts (2 GW). That amount of energy could power a city the size of Phoenix, Houston, or Philadelphia, according to the U.S. Energy Information Administration.
- The EU could achieve more than half of the EV sales it targets by 2030 and support carmakers if it tightened its rules on cars bought by large companies, according to a recent paper by Transport & Environment. The paper suggested that the EU should stick with a plan to abolish subsidies for petrol and diesel company cars, and limit tax benefits to EVs made in Europe to help domestic carmakers.
- America's technology giants, including Microsoft, Amazon, Alphabet and Meta, have in recent months announced plans to spend over $600 billion on AI in 2026 alone.
- Activists are set to take to British streets for two days of protests against the expansion of data centers to serve booming demand for AI, and the impact of the facilities on communities and the environment.
- For the fourth year running, DNB Carnegie took the pulse of AI in Silicon Valley. The AI infrastructure build-out theme remains stronger than ever, with increased confidence as customer-ordering allows for longer-than-normal visibility in 2026 and into 2027, when demand will continue to outstrip supply. The defining value-creation opportunity of this AI cycle in software appears to be in agentic workflows (AI agents autonomously executing multi-step business processes end-to-end) and the orchestration layer (the central control plane that coordinates, monitors, and governs multiple agents and humans). The agentic AI shift has begun to follow a strikingly similar pattern to the cloud shift of the 2010s (albeit at greater speed) with early disruption, short-term revenue headwinds and painful re-platforming; but potentially a long era of compounding advantages for incumbents that make the transition successfully, while new winners are likely to emerge alongside them. Beyond AI infrastructure build-out (datacenters etc.) and agentic AI (AI software), physical AI is seen as the next frontier (autonomous vehicles, humanoid robots, edge intelligence). Those companies we spoke to expect this to begin to take off in 2027–28, with exponentially growing compute needs. (DNB Carnegie, 16 Mar 26)
- The latest claim to fame for Data Centers is that they are not just there to run AI systems and consume loads of electricity but are now military targets in the Persian Gulf!
- In the US, the highest average gasoline costs since 2022 look set to reignite demand for EVs this year, despite Trump's scrapping of federal subsidies for the sector.
- Sales of fully electric cars in EU's main auto markets jumped by almost a third, as drivers looked for alternatives to combustion engines after the war in Iran caused the highest spike in petrol prices in years.

Bitcoin

How much extra power requirements will stem from bitcoin mining? Not too long ago, bitcoin mining was the source of very high-power demand, and if that excessive power demand makes a comeback, then along with AI and EVs, it will make coal/fossil fuels the default choice. More so now that LNG from Qatar one of the largest suppliers in the world has been cut off since March 2026, to create the extra power demand for these power-hungry entities. Despite facing challenges, Bitcoin mining remains active. A recent court ruling in New York allowed a major mining facility to continue operations despite environmental concerns, indicating ongoing legal and regulatory battles in the sector. The first half of 2024 saw a mix of profitability among miners, with many struggling to remain viable due to fluctuating Bitcoin prices and high operational costs. As the market evolves, some miners are pivoting towards AI, leveraging their existing infrastructure to host AI workloads for more stable revenue streams. Bitcoin mining consumes approximately 112.31 TWh annually, roughly equivalent to the total electricity consumption of the Netherlands. It accounts for about 1% of global electricity consumption and is projected to rise as demand increases.

Retail investors who piled into Michael Saylor's grand Bitcoin experiment are paying a heavy price. Saylor's Strategy Inc. was once hailed for wrapping crypto into a public stock. But the two most popular ETFs tracking Strategy's stock have plunged more than 80% this year.

Sanctions

- Increasingly, the Developed Economies (DE) leverage their dominance in the world capitalist system to impose sanctions on other countries. Political leaders who impose these sanctions sometimes argue that sanctions are a "more humane" alternative to war. But that is not necessarily so. Sanctions are war by another name.
- The failure of sanctions to alter behavior has been well established as a failed geopolitical strategy for decades. By forcing the IG of P&I Clubs to exclude coverage of the 'sanctioned' or 'shadow' fleet of tankers from the extensive global insurance coverage that the IG has for oil spill incidents, it has resulted in this shadow fleet being composed of ships that are very old, that apparently have no valid insurance cover, have crew that are apparently not well qualified, apparently at the end of their careers, sailing on ships owned by those interested in profits, not in following the global rules, not in the protection of the environment, nor in protecting the poor seafarers sailing on their old ships, nor in following the sanctions imposed by the DE, all leading to an accident waiting to happen at the cost of the littoral states.
- Sanctions have not altered any sanctioned country's behavior, no matter how long or how tough the applications of sanctions have been. This should inform us that sanctions should be abandoned as a failed policy that create far more (un)intended consequences, and yet, do not stop the 'perpetrator' country.
- For the DE to now wake up to the '(un)intended' consequence of enforcement of such sanctions, is apparent. Trying to legitimize stopping such shadow fleet ships for 'lack of adequate insurance' caused by the DE legislation forbidding the P&I Clubs from insuring such ships, makes it laughable and ironical.
- Another (un)intended consequence is where ship breakers are refusing to recycle such shadow fleet ships as they are concerned about being seen as sanction 'busters', something that no business wants to be accused of. As a result, you have such end-of-life ships lying abandoned, onboard crew remaining unpaid, and the ship a waking nightmare for littoral states where her rotting hull lies, falling to pieces, bit by rusting bit.
- All this saber rattling can only end in an (un)intended international 'event.' Let us hope good sense prevails and the DE listens to the sage advice of the UN Secretary General (All are safe only when every ship is safe) and drops the root cause of the current maritime tensions, sanctions, and the (mis)adventures against the shadow fleet that are disingenuous, and ineffective at best, full of (un)intended consequences, and extremely dangerous at worst.
- Two Hafnia crew members have been charged by Singapore's MPA over a fatal collision involving the 74,200-dwt LR1 Hafnia Nile (built 2017) and the 'shadow fleet' 300,000-dwt crude tanker Ceres I (built 2001) about 55km north of Pedra Branca in July. The accident caused a fire on the VLCC, killing crewman Sellakkannu Shanmugasundaram and seriously injuring colleague Ge Junfu. The two Hafnia officers, Indian national Soosai Vainer, 35, and 40-year-old Sri Lankan Wickramage Perera, have been charged under the Merchant Shipping Act, CNA reported. The indictments reveal that Perera was the officer in charge of the watch on the Hafnia Nile in the early hours of 19 July. Prosecutors allege that he failed to make "a full appraisal of the situation and the risk of dangers to

navigation, maintain situational awareness of the area around the Hafnia Nile and ensure that a proper lookout was maintained". This was the cause of the collision, the indictment said.

- The above shows that even a fully insured, well run, well managed ship, from a Public Company of the stature of Hafnia can be the 'bad guys' responsible for a collision with an anchored, stationary, VLCC, from the 'shadow fleet' that is supposedly uninsured, poorly managed, with crew at the end of their commercial lives, with owners who do not care for their seafarers. Kudos to the justice system in Singapore that their justice is blind to all the prejudices swirling around the world about the shadow fleet, and they are brave, and honest enough, to apply blame where it belongs. Applying stereotypes and condemning the 'sanctioned' shadow fleet of tankers, prohibiting them from buying proper insurance, and blaming them for all ills in the shipping industry may not be the right way to go about our business.
- The Houthis, after being sanctioned and bombed to hell and back over the last 10+ years by different players, have managed to stay relevant. They have also managed to destroy reaper drones, capture others, and cost the world powers billions with homegrown, highly sophisticated, missiles/drones, despite all the sanctions. The latest sinking in April 2025, of two ships that had trading links with Israel, while sailing via Hodeidah, by the Houthis makes the Red Sea transit a no-go-area for shipowners that are safety conscious at the cost of profits.
- There is, of course, a very simple solution to all the risks enumerated above, simply do NOT sail your ships to any such areas that put your seafarers at risk for unusually high profits made on the back of the poor seafarers risking their lives. PSL does not sail its ships to ports in Ukraine or Russia, nor do we allow our ships to sail past the Bab el Mandeb Straits nor the Red Sea, no matter how profitable such voyages may be. We, therefore, do not need shadowy registries for our national flagged ships.
- There is another easy solution to this sticky problem, either jack up extra war risk marine insurance cover to such a high level that even at the premium freight rates being offered, voyages via the Red Sea will lose their economic charm, or better still, refuse to insure such ships or voyages via the Red Sea.
- Michelle Wiese Bockmann, Windward's senior maritime intelligence analyst, said "This leaves these ships with fewer trading and flag options, which has led to the emergence of false flagging over 2025." (TradeWinds, 28 Nov 25)
- The sanctions game to date has not been about stopping oil from flowing; most of those savvy enough to understand have **long viewed this about hurting Russia's economy** rather than stopping ships from trading. (Lloyd's List, op-ed, 4 Dec 25)
- Sanctions are tricky, tricky to monitor and tricky to enforce. Just look at the raft of sanctions DE have imposed on Russia since its full-scale invasion of Ukraine in 2022. These measures have certainly made life harder for Russia, limiting its access to western drilling technology and capping the price of its crude and products, thereby curtailing its revenue. But, thus far, sanctions have failed to inflict enough pain on the Kremlin to force its hand in ceasefire negotiations.
- The real problem is that Sanctions are not about the flouting of a 'rule-based global order'. It is a rule-based global order only when the powerful DE wants it to be, otherwise the powerful can always impose sanctions on the weak.
- In an era of great power rivalry where **the strong can do what they like, and the weak must suffer what they must**, quiet diplomacy is out of vogue. (Lloyd's List, op-ed, 16 Feb 26)

- A close ally of Russian President Vladimir Putin said Russia could deploy its navy to prevent European powers from seizing its vessels and may retaliate against European shipping if Russian ships are seized.
- More than a third of oil tankers transiting the Baltic are now covered by Russian, or Russia-affiliated providers. The problem is that in the event of their cover being called upon, **nobody really knows how this all plays out**. Most of those insurance providers are not large. Even once the Russian central bank has underwritten such service providers, **payments in the event of a spill would be impossible due to sanctions**, but the Baltic states understand that **sanctions effectively leave their coastlines defenseless**. (Lloyd's List, op-ed, 26 Feb 26)
- Washington has **eased sanctions** on some Iranian oil to help prevent a crunch in energy markets, after doing the **same for Russia and Venezuela**. It would be a "short-term measure limited to oil already stranded at sea" with a narrow time frame. (TradeWinds, 20 Mar 26)
- The US allowed the sale of Iranian oil at sea for 30 days to try to reduce oil prices following attacks on regional energy infrastructure.
- Iran has also demonstrated an acute awareness of US sensitivity to oil prices. The Trump administrations own actions, which even include easing sanctions on Iranian oil to placate global markets, signals just how alarmed Trump is by the rise in oil prices precipitated by the war. Iran has a clear incentive to continue targeting energy markets.
  - Prime Minister Keir Starmer's decision last month to let the British military board ships of Russia's so called "shadow fleet" has had no clear impact on the number passing through UK waters.

Shipping News

- Underlying VLCC supply-demand "fundamentals" were already looking promising well before winter set in. Demand was being supported by unwinding of OPEC output curbs across 2025 (2.2m bpd, OPEC+ production +6% y-o-y by last month) while long-haul Brazilian exports (+10% in 2025) added tonne-miles. Low newbuild deliveries (just 1 in 2024 / 6 in 2025) "set the stage" further. Beyond these "traditional" fundamentals however, geo-politics are further underpinning record markets. Indian importers changing suppliers (crude imports from Russia dropping from 1.6m bpd to 1.0m bpd) and the US-led marketing of Venezuelan crude (0.8m bpd), have both increased demand for the 'mainstream' fleet (~17% of the VLCC fleet is now sanctioned). And with rising US-Iran tensions, Middle East producers have increased short term volumes (e.g. 3-year high for Saudi exports in Feb-26). Record asset investment and consolidation (see below) are also helping tighten the market further. Reflecting these complexities we estimate 'mainstream' VLCC demand could grow ~6% in 2026 (vs ~2% for 'compliant' fleet capacity growth).
- Today our average VLCC spot earnings index stands at $204,261/day (up by 40% w-o-w, and >$230,000/day on key routes, e.g. MEG-China). Certainly impressive, although not unprecedented (e.g. sanctions-related spike >$300,000/day in 2019, the Covid-induced floating storage boom in 2020). The current markets have though been relatively 'sustained': spot earnings of >$100,000/day in 14 weeks of the past 26, a level of 'consistency' not seen since 2008 (also 14 weeks). Period rates have set all-time highs: our one-year TC rate for an 'eco' scrubber-fitted vessel now stands at $118,500/day (previous peak: $90,000/day in 2008).
- VLCC asset markets are also closing in on another record. Over 60 (and counting…) VLCC S&P deals (plus significant timecharter activity) have been reported already this

quarter, much of this as part of the consolidation trend referenced above. A resale VLCC is now assessed at $168m (+$39.5m versus a newbuild at $128.5m, now the largest “premium” for prompt delivery on record), while ‘middle-aged’ assets have also seen impressive uplifts (10-year-old $110m today, +22% vs. start-26- and 15-year-old ($80m, +29%). Newbuild ordering has also been “intense” with ~50 VLCCs ordered (and counting…) this year, following on from an active end to 2025 (Q4-25: 42 ordered, itself a 17-year high). Combined S&P and newbuild VLCC asset investment of well over $10bn has been recorded this year (see middle chart), already the highest quarter on record for the VLCC market. This stacks up as one of the most ‘intense’ quarters of investment seen across any shipping segment ($14bn of asset investment in LNG carriers recorded in Q1 2022, large (>12k TEU) containership investment of $14bn in Q3 24). By the end of the quarter (and after clarity on various LOIs, options and unconfirmed deals) we expect to record the highest ever investment quarter for a single sector.

- So, VLCC markets are currently on an exceptional run, with “traditional” fundamentals telling just “half the story”. Our analysis of supply and demand for the “mainstream” market/compliant fleet does suggest some underlying support for 2026. But with current market “heat”, geo-politics, seasonality, a growing orderbook and consolidation, expect plenty of volatility to come! (Clarksons, SIW, 27 Feb 26)
- Geopolitical uncertainty was a recurring theme at the 19th Energy & Shipping Conference in support of near-term rates, while creating considerable longer-term demand risk. The LPG panel struck a thoughtful tone with long-term demand growth in question amid heavy deliveries. The dry bulk panel was constructive, seeing no ceiling to Chinese stockpiling and Simandou-driven demand growth, while tankers panel was the most bullish on a tight freight market/new dynamic evolving, despite Hormuz risk. (DNB Carnegie, 6 Mar 26)

Tariffs & Trade

- In a major setback for President Trump, the Supreme Court ruled that he exceeded his authority. The administration had said that a loss at the court could force the government to unwind trade deals and potentially pay hefty refunds to importers.
- Trump immediately imposed a flat 10% tariff rate under Section 22 of the 1974 Trade Act, on all imports, but these tariffs will expire in 150 days after which Congress has to approve any further extension. We might, therefore, see the end of all such ‘imposed’ tariffs by the third week of July, this year.
- The court’s decision is a major setback for President Trump, who responded by imposing a new tariff after lashing out at the justices who ruled against him.
- Stocks rose on the court’s ruling, which could force the US to refund more than $175 billion in tariff collections. How will companies get their refunds? What does it mean for the global economy? Little immediate relief.
- Despite Trump’s claims of a 78% reduction in the trade deficit, official US government numbers show the goods deficit rose by 2% in 2025, reaching its highest level since 1960. Additionally, American manufacturers cut 80,000 jobs last year, contrary to the goal of creating jobs.
- Beijing is exploiting the uncertainty created by Trump to try to stitch China's vast manufacturing base into the world's biggest economic blocs, including the EU, Gulf States and a trans-Pacific trade pact, a Reuters examination found. The push involves accelerating efforts to clinch some 20 trade deals in total, many years in the making, despite widespread concerns about China's overproduction, uneven market access and soft domestic demand.

- The US trade deficit widened sharply in December amid a surge in imports, and the goods shortfall in 2025 was the highest on record despite Trump's tariffs on foreign manufactured merchandise.
- The US said it will halt collections of tariffs imposed under the International Emergency Economic Powers Act at 12:01am EST on February 24, more than three days after the Supreme Court declared the duties illegal.
- This shifting US trade policy is confusing markets and capitals around the world.
- China is making a "full assessment" of the tariff ruling and has urged Washington to lift measures on its trading partners, warning that fighting between the two countries is "harmful".
- Far from being a source of relief, the Supreme Court's takedown of Trump's tariffs has infused new risks and uncertainties into trade policy, US debt and the dollar.
- The “America First” trade agenda has destabilized the world order with little to show for it.

Wars

- The speech given by Mark Carney at the World Economic Forum is a must see/hear video. It explains the world powers for what they are and hammers the last nail in the coffin of the ‘rules-based society’ by the perennial misuse of its principles by the powerful nations. The question we must ask ourselves is this, will Canada and Marke Carney live up to his speech? It is easy to say ‘take down the sign’ from the window, but it is much more difficult to live with that decision.
- As they say, truth is the first casualty of war. But this very short speech in the EU Parliament shows you what is really happening. If you do not read, see, or hear anything else, please spend a couple of minutes watching this short video, Never Again.
- Let us reiterate, so that it is crystal clear – there are no winners in any wars, only losers. Whether those wars are fought on a battle ground, or politically (cold wars - the G7 versus BRICS+), or via trade/tariffs (Trump versus the ROW), they only result in all participating sides to become losers without exception. The biggest losers are those lacking a moral compass, who forsake friends for foes, abrogate treaties willy nilly, who apply the ‘might is right’ rule of the jungle, misjudge world opinion, and eventually end up on the wrong side of history. If you don’t think this is true, just ask any of those who have sacrificed a loved one to any war, whether they happened to be on the winning or losing side, and they will speak painfully of the ones they have lost.
- Wars should never be fought, and diplomacy, the art of talking to your enemies, must be taught to all those entering politics, with a course on ethics and morals thrown in for good measure. After all, it is senile old men in dark suits who send youngsters to die in wars in distant lands, many a times egged on by different nation states who do not care how many youngsters are slain in the proxy war that they are fighting on behalf of their so-called patrons. None of these old men in dark suits ever send any of their sons or daughters or loved ones to any such war fronts, whether in defense of their own nation, or in a proxy war with, and via, some other nations, so they never have any skin or relatives in this game of thrones that they play. Killing of any one is always wrong, and killing of innocent civilians can never be justified, whether it is carried out by state or non-state actors.
- We live in a crazy world where the Developed World (DW) is shaped by manufacturing and supplying arms and munitions to every possible warring faction, even when they are fighting against inferior forces. In the meantime, parts of the DW population are homeless, hungry, and jobless, but their leaders are apparently blind to such suffering as such things never affect them. Instead, these same leaders are arming other nations and

transferring resources needed by their own population. The population of these countries just keep quiet, and do not take their leaders to task. And the press, just parrot the propaganda by the DW leaders as if it was the gospel truth. Even Alice, despite all her training in wonderland, would have found such geopolitics impossible to navigate.

- Germany's cabinet passed a draft bill that would introduce first a voluntary military service, and later could lead to conscription if recruitment goals are missed, the government said.
- NATO will ask Germany to provide seven more brigades, or some 40,000 troops, for the alliance's defense, sources told Reuters, under new targets for weapons and troop numbers. And there you have it, the country that has started not one, but two world wars, once again, is arming itself to the teeth and legislating for a big military force to back up the armaments that they are busy manufacturing and/or buying.
- Japan has clinched a landmark $6.5 billion deal to build warships for Australia, its most consequential defense sale since ending a military export ban in 2014 as it steps away from postwar pacifism to counter China. Japan, a nation that has been instrumental in mass killings in two world wars on a brutality scale that make all others pale in comparison, is now being egged on to spend at least 5% of their GDP on their military forces. Increasing the armed strength of two countries that fought in two world wars on the same side, seems to be the order of the day. Arming Germany and Japan will not end well for anyone.
- US nuclear-capable bombers flew over the Sea of Japan alongside Japanese fighter jets, Tokyo said, in a show of force following Chinese and Russian drills in the skies and seas around Japan and South Korea.
- The world's militaries are incredibly polluting, collectively accounting for some 5.5% of global emissions, that is when they are not engaged in active war when they would be expending many more percentage points of pollutants. DE are now gearing up for a big expansion of their militaries, with members of NATO agreeing to increase defense spending to 5% of their GDP by 2035. That will commit trillions of dollars more to an enormously carbon intensive industry.
- Weapons and war are proving more fruitful for investors than weight-loss drugs!
- Wars are the worst things to be involved in by any country. Countries at war, or supporting their 'friends' to fight in wars, devote all their free capital to arms manufacturing and/or procurement to the virtual exclusion of all other issues. As a result, their economies get neglected, leading to lower demand for cargoes and, therefore, a lower demand for shipping capacity.
- War in the Persian Gulf is bad news for India. In 2025 inward remittance from overseas Indians rose to $135bn. A whopping 38% of that money, freely sent, by Indian citizens, comes from Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the UAE, the six countries that make up the Gulf Co-operation Council. Yet of the 35m Indians overseas, just 8.9m are in those countries. A tenth of overseas Indians live in the UAE but send back 20% of remittances. This is even though most are low-wage workers, unlike the handsomely paid desi doctors and techies in the West. Half of India's natural gas and some 90% of its crude is imported. The Gulf supplies more than half of its imports of crude oil, two-thirds of its LNG and a whopping 95% of LPG. And some 40% of its energy imports come through the Strait of Hormuz, which the war has effectively shut down. The rupee fell to a record low on 4 March, which raised the cost of imports. Higher energy prices over a sustained period would translate to rising inflation and slower economic growth. Emirates, Etihad and Qatar Airways, the three Gulf "super-connector" airlines, carry more people abroad than Air India, the flag carrier. Of the 10m people who flew out of India on scheduled commercial flights in the last three months of 2025, almost a third went to those airlines' hubs of Dubai, Abu Dhabi, and Doha. Dubai alone accounted for 15% of outbound passengers. It is a common joke that India's biggest international hub is in

Dubai. When the Gulf hubs shut down, India's westward links suffer. (The Economist, 5 Mar 26)

- **Gaza Reconstruction Timeline:** The UN estimates that clearing debris alone could take up to 21 years and cost more than US$50 million under current wartime-adjacent conditions. Rebuilding the region to anything close to its pre-war state would realistically take several decades, especially when factoring in the removal of unexploded ordnance, handling of hazardous materials like asbestos, and the restoration of essential utilities and public services. Even with significantly improved access, equipment, and funding, completing more than US$52 billion worth of reconstruction in a small, heavily damaged, and blockaded territory within just ten years would be extremely ambitious. An Interim Damage Assessment conducted by UN, EU, World Bank estimated reconstruction needs at about US$52 billion, with around US$30 billion for physical structures, more than half of that for housing while clearing the debris alone could take up US$1.2 billion.
- **Extent of Damage:** Gaza's economy has collapsed sharply, shrinking by an estimated 83% in 2024 and losing around 87% of its total value since 2022. Updated UN figures show more than 61 million tonnes of debris after two years of war. Overall reconstruction and recovery needs are estimated at over US$52 billion over the next decade, with about US$20 billion required in the first three years. Around US$30 billion is needed just to rebuild physical structures, more than half of which is for housing. Housing makes up 53% of all recorded damage, followed by commerce and industry at 20%, while essential infrastructure, including health, transport, and water systems, accounts for over 15%.
- The minimum cost to reconstruct Gaza is $53b. Bloomberg remote sensing journalist Krishna Karra has used satellite data and a machine learning model to map destruction and population movements in Gaza, and he presented the work at American Geophysical Union.
- **Reconstruction efforts:** Meaningful reconstruction cannot happen without a lasting ceasefire. A program of this scale would require tens of thousands of construction and engineering workers at its peak, both local and international, along with similarly large numbers in supporting roles over many years. The sheer volume of debris, estimated at over 60 million tonnes, combined with the need to rebuild, would require importing tens of millions of tonnes of cement, steel, aggregates, and other materials, unless a significant share of the rubble can be safely recycled into usable construction inputs.

- **Ukraine Reconstruction Timeline:** The joint Rapid Damage and Needs Assessment by the World Bank, EU, UN, and Ukrainian government estimates that total recovery and reconstruction needs over the next decade have risen to about US$524 billion, nearly three times Ukraine's projected 2024 GDP. This is up from roughly US$392 billion (early 2023) and US$464 billion (early 2024), reflecting ongoing attacks and accumulated damage. Just clearing rubble and unexploded ordnance is estimated at $13 billion.
- **Ukraine has proposed** a 10-year National Recovery Plan (2022–2032) estimated at about $524 billion. Developed with input from more than 2,000 experts, the plan outlines three stages:
- **Emergency relief (ongoing):** Immediate humanitarian support and quick repairs to essential infrastructure such as power, water, and temporary transport links.
- **Reconstruction (2023–2025):** Rebuilding key civilian facilities, including homes, schools, and hospitals, in territories restored to government control, to ensure basic services for returning and displaced residents.
- **Modernization (2026–2032):** Long-term transformation into a modern, EU-aligned economy through investments in clean energy, digital governance, and advanced industries, moving beyond simply restoring Soviet-era systems.

- **Overall Duration:** Removing of the debris and rebuilding is expected to take multi-decade, although headline plans often use a 10-year reconstruction horizon (as stated above).
- **Immediate Needs:** The 2025 “recovery priorities” package totals about US$17.3 billion. For urgent reconstruction and recovery priorities, focusing on housing, infrastructure, energy, and transport.
- **Extent of Damage:** The latest report finds direct physical damage of roughly US$176 billion (up from about US$152 billion in the previous reports), and estimates total reconstruction and recovery needs over the next ten years at about US$524 billion, which is roughly an 8% increase in needs compared with the prior assessment.
- **Access to Materials:** Ukraine’s access to construction and dry-bulk materials remains strained due to the war, which has damaged key production facilities and disrupted logistics. Although domestic industry can supply up to roughly 90% of reconstruction materials, overall access is limited by high energy costs, increased rebuilding demand, and restricted port operations, particularly because Black Sea routes remain heavily controlled, unsafe and partially blocked, making import-based supply and raw-material imports more difficult and costly.
- **Political Stability:** Politically, the country remains functional and supported by international partners, but public trust has declined, placing Ukraine in a stable-yet-fragile position as the conflict continues.

Climate Change

- Climate change could reduce demand for grain if large grain consuming nations increase their crop yields via technology or with the right amount of rain at the right time, that increases their crop output. This would be good news for such nations but bad news for shipping demand. But climate change could more likely increase demand for grain when large grain consuming nations are hit by freaky weather that reduces their grain yield and output, as is currently happening in China with crop-damaging record heat waves followed by record rains and crop-damaging floods, requiring grain imports from faraway lands. All such extreme weather changes will require more power, more materials to fortify against fierce storms, greater movement of grain cargoes where crops are damaged or devastated by inclement weather patterns on land, and greater recycling efforts for older ships, than was the case when weather patterns were more normal. Ship congestion, resulting from freaky, unexpected, and severe weather patterns, longer ton-miles at sea for carrying raw materials to generate the additional power required for cooling, carry the rebuilding materials required to repair the fixed objects damaged or destroyed by severe storms making landfall, replacing grain crops ravaged by typhoons and hurricanes resulting in additional increase in ton-miles at sea, all these will create a greater demand for shipping space. Power providers in the US that have made pledges to cut back or eliminate carbon emissions are now starting to reverse course, mainly guided, or shall we say forced, by the Trump administration. As the CO2 in the environment increases, so does the temperature of sea water increase, as does the temperature on land, with cities bearing the brunt of the increase because of them being concrete jungles as opposed to the real, green, jungles that would assist in removing CO2 from the air and keeping places cooler than they are today. All such increases in temperature means more electricity needed for air conditioning that produces even more heat in cities. As the sea water heat up, they tend to feed storms with much more water than they would otherwise carry, accompanied by massive rainfall and flooding. This leads to crops getting too much rain at the wrong time and reduces yields dramatically requiring an increase in grain imports, as we have witnessed over the last decades.

- From Argentina to Australia to South Africa, record heat and raging wildfires are rampaging through the Southern Hemisphere at the start of 2026, with scientists predicting that even more extreme temperatures could lie ahead - and possibly another global annual high - after three of the hottest years on record.
- President Trump, who has called climate change a "hoax," plans to formally rescind the 2009 scientific findings that tied carbon dioxide to health dangers, data that has guided pollution standards for more than 15 years.
- China, the world's top polluter, crossed a critical energy transition threshold in 2025 by deploying more clean power capacity than fossil fuel generation capacity for the first time.
- Newly released climate datasets show that the world is warming at an accelerating pace, with 2025 ranking among the three hottest years ever recorded, and ocean heat and sea levels crossing new thresholds.
- Most residents of Morocco's city of Ksar El Kebir are now allowed to return home after major floods caused overflowing river waters that swept across 110,000 hectares in the northwest last week, the interior ministry said. The exceptional rainfall **ended a seven-year drought.**
- Deadly downpours, thunder, snow, and strong gales have repeatedly battered Spain and Portugal, damaging infrastructure and crops and forcing authorities to evacuate thousands of people, by the eighth storm to sweep across the Iberian Peninsula this year.
- Intense rains over the weekend unleashed heavy and widespread flooding, causing some people to drown, washing away vehicles , and disrupting traffic at the country's largest airport. The death toll from the floods in the nation's capital, Nairobi, and elsewhere has reached 42, the government said.
- At least 70 people were killed following landslides that ripped through Ethiopia's southern Gamo Zone earlier this week, and another 50 people may still be missing, regional officials said. Heavy rains, which continued throughout the night of March 10, caused severe landslides in the highland areas and destructive flooding downstream.
- Multiple wildfires, including the largest in Nebraska's history, have burned through more than 600,000 acres of the state. Bad weather related to a severe winter storm in the Midwest has hampered fire suppression efforts.
- The World Meteorological Organization released their report, State of the Global Climate report, that highlights the significance of record-high concentrations of greenhouse gases in the atmosphere and notes that the effects are visible everywhere, from the 11-year series of hottest-ever years to the way heat is accumulating deep in the oceans.
- Global renewable power capacity reached a record 5,149 gigawatts at the end of 2025, up 692 GW from 2024, and made up almost 50% of the world's electricity capacity last year after a record increase in solar installations.