The 2nd Quarter of 2026 Management Discussion and Analysis

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Our Key Performance Indicators

2nd Quarter 2026 Financial Performance (US Dollar Terms)

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 Q2 2026, we reported EBITDA of USD 30.38 million, Net Profit of USD 15.87 million and Earnings per share of Baht 0.35.

The average earnings per day per ship during the second quarter came in at USD 16,676, comprising USD 16,442 per day for our dry bulk fleet and USD 25,972 per day for the sole tanker in our fleet.

Our daily operating costs per day per ship for our dry bulk fleet are USD 5,676 per day and for the sole tanker in our fleet are USD 6,434 per day.

THE HARD FACTS	Q2 2026	Q2 2025
Dry Bulk Fleet		
Highest earnings per day per ship in USD	29,918	16,615
Average earnings per day per ship in USD	16,442	10,132
Av. earnings per day per Small Handysize ship (excluding 4 cement carriers) in USD	14,612	8,010
Av. earnings per day per Large Handysize ship in USD	16,088	11,348
Av. earnings per day per Supramax ship in USD	15,949	10,349
Av. earnings per day per Ultramax ship in USD	18,554	11,285
Operating cost per day per ship in USD	5,676	5,135
Tanker Fleet		
Highest earnings per day per ship in USD	44,233	N/A
Average earnings per day per ship in USD	25,972	N/A
Operating cost per day per ship in USD	6,434	N/A
PSL Fleet (Dry Bulk and Tanker)		
Average earnings per day per ship in USD	16,676	10,132
EBITDA in million USD	30.38	13.34
Net Profit (Loss) in million USD excluding exchange gain (loss) and non-recurring items	15.13	0.59
Net Profit (Loss) in million USD	15.87	(1.32)

Average earnings per day for dry bulk fleet 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, and technical downtime, including periods for dry-docking. The sole tanker in our fleet, Tharinee Naree, was taken over on 26 February 2026, resulting in no earnings and expenses to report for Q2 2025. Average earnings per day for the sole tanker fleet, starting from 7 April 2026. are reported on a gross basis before netting off 3.75% commission and pool costs.

Operating costs per day are reported after excluding the non-recurring expenses related to Hatthaya Naree which is stranded inside the Persian Gulf. Operating costs per day per ship in USD for dry bulk fleet are reported including dry-docking and special survey expenses. Operating costs per day per ship in USD for tanker fleet are reported excluding dry-docking and special survey expenses.

Consolidated Financial Performance (Thai Baht Terms)

For the quarter ending 30 June 2026, the Company reported a net profit of Baht 521.50 million, compared to a net loss of Baht 43.31 million in Q2 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 Q2 2026 was Baht 667.46 million or 58% higher than the Net Vessel Operating Income in Q2 2025 due to a stronger freight market for dry bulk and larger fleet size.
- Vessel running expenses in Q2 2026 were Baht 79.76 million or 16% higher than the figure in Q2 2025, due to higher costs of stores and spares non-recurring expenses incurred by Hatthaya Naree which is stranded inside the Persian Gulf and expenses related to the tanker vessel Tharinee Naree.
- Administrative expenses (including management remuneration) for Q2 2026 were Baht 1.92 million higher than the figure in Q2 2025, primarily due to an increase in variable compensation expenses.
- Finance costs for Q2 2026 were Baht 57.46 million higher than the figure in Q2 2025, due to an increase in debt to part finance our recent vessel acquisitions.
- The Company recognized notional foreign exchange gains of Baht 24.44 million in Q2 2026, mainly attributable to Thai Baht debentures maturing in 2029 and 2034.

For the six-month period ending 30 June 2026, the Company reported a net profit of Baht 629.68 million compared to a consolidated net loss of Baht 183.55 million during the same period last year. The main reasons for the changes to the six-month financial results are as follows:

- The Net Vessel Operating Income (Vessel Operating Income net of voyage disbursements and bunker consumption) during the first half of 2026 was Baht 975.99 million or 45% higher than the figure during the same period last year due to a stronger freight market for dry bulk and income related to the tanker vessel. As of 30 June 2026, the fleet comprised 42 vessels, including the Mayuree Naree which suffered an attack in the Persian Gulf on 11 March 2026 and was subsequently declared a constructive total loss.
- Vessel running expenses during the first half of 2026 were Baht 63.47 million or 6% higher than the figure during the same period last year, due to higher costs of stores and spares, non-recurring expenses incurred by Hatthaya Naree which was stranded in the Persian Gulf and expenses related to the Tanker vessel Tharinee Naree.
- Administrative expenses (including management remuneration) for the first half of 2026 came in Baht 8.75 million higher than the same period last year, due to an increase in variable compensation expenses.
- Finance costs during the first half of 2026 were Baht 114.55 million higher than the same period last year, due to an increase in debt to part finance our recent vessel acquisitions.
- The Company recognized notional foreign exchange gains of Baht 74.07 million during the first half of 2026, mainly attributable to Thai Baht debentures maturing in 2029 and 2034.

- During the first half of 2026, the Company realized a gain of Baht 18.83 million from the sale of two vessels.
- During the first half of 2026, the Company recorded expenses of Baht 40.19 million arising from the Mayuree Naree incident in the Strait of Hormuz.

The Year of the Fire Horse

There has been no slowing down of the gallop of the Fire Horse in the dry bulk markets. Seasonally, the first quarter is the weakest quarter with the second quarter improving to a mini peak, followed by plateauing or a marginal slowdown of rates in the third quarter, after which the end of the year quarter takes the index ships to an annual high. We can see that the seasonal script, if it plays out this year, will have started at a higher point compared to most first quarters, with the second quarter playing to its strength despite the Israel-USA war on Iran that started on the 28th of February 2026 leading to the closure of the Strait of Hormuz (SoH), and Russia's war on Ukraine having quietly crossed its 4th anniversary on the 22nd of February 2026. If the past seasonal patterns are held during 2026, we could see an unusually high fourth quarter, something to look forward to.

The Trump-Xi Jinping summit (14/15 May 2026) brought out into the open what people in shipping have known all along. Shipping is the glue that binds the global economy together; it is central to supply chain security whether it is fuel, food, or fertiliser; it is no longer the invisible industry, but has become very visible with the threat to supply of food (inward to the Persian Gulf [PG]), fuel (outward to all of Asia and beyond), and fertiliser (Urea), and the raw material (sulphur) to create finished phosphatic fertilisers, to every agrarian country that is reliant on fertilisers. A magazine like The Economist has argued that about 100 million people in Asia may become food insecure and face famine. However, they did not consider the plight of the 100 million people that live in the hinterlands of the PG where their daily bread, literally, is imported. What will happen to the arrival of their food supplies with the war keeping the chokepoint of the SoH tightly shut? It will begin with food costs skyrocketing in the PG, imports will come by air when air traffic is flying freely, or by sea as it normally did only when the SoH is open for free navigation for all ships. Otherwise, the food will come from far away ports in the Red Sea, The Caspian Sea, the Mediterranean Sea, and then via convoluted land routes with final food costs being multiple times higher than before the war in the PG. Meantime, globalisation is being reduced to localisation, that should favour the smaller ships that we operate, as security-, resilience-, free of chokepoint-supply chains takes precedence over cost of goods, supply chain efficiency, or well-established trade routes.

Some of the reasons for the strength in the dry bulk market is the advent of new sources of cargoes (like the Simandou iron ore mines expected to produce an additional 40 MMT in 2026) involving very long tonne-mile demand (>3.3X compared to iron ore from Australia to China); disruptions in trade routes (closures of the SoH, Red Sea's Bab el Mandeb, Black Sea, and possibly other chokepoints in the future) significantly increasing tonne-mile demand; a strong, some call it 'super' El Nino that will change trade routes for agricultural products (grain to Asia will travel much further if the drier weather in Australia impacts grain production as expected), and increase coal shipments to Asia, India and China, being the two countries that have massive amounts of coal fired power plants as well as larger reliance on hydropower, which will 'dry up' due to the lack/reduction in rainfall typical of severe El Nino impacts; demand for coal will further increase (for power generation as temperatures soar because of El Nino) due to the shortage of LNG as the SoH closure has impacted LNG-based power supply; the hot and dry weather during El Nino will remove hydropower from the power-supply equation requiring even more coal-fired power generation; USA, the largest economy in the world, is having a productivity miracle unconnected to AI but due to earlier technologies, lots of cheap energy, and a flexible economy, which might further accelerate thanks to AI boosting productivity in the near future, thereby increasing demand for goods and services in America. Finally, the 'just in time' mantra has been discarded in the dustbin of history, with the 'just in case' mantra taking center stage due to the reality of chokepoints making it the base case for future evaluations; whether it be at a corporate or at a national government level, the closure of the SoH reminds us that 'just in case' is here to stay for the long-term; demand will therefore increase much more whether it be for security of food, fuel, fertiliser, or any other product, as supply chains get ever more constricted at global chokepoints.

If we look at the existing 20-year-old fleet and the forward order book for dry bulk ships till the end of 2029, they are running neck-and-neck annually with hardly any daylight between their numbers starting from 2021 and continuing in a similar fashion even in 2026. This is extremely unusual as shipowners are known for over ordering of new ships whenever the stars are aligned between expanding tonne-mile demand and slowing supply as already explained; 2021 and 2022 were years characterised by very high net profits for most dry bulk ship owners, yet the order book did not grow significantly as would have been the norm; and the earliest slots available for ordering new ships currently start with SH of 2029 or later, and most owners do not want to wait that long to get their new ships when they can buy a ship in the secondhand market, even if it means they have to pay a premium and get a more expensive ship, but one that will start earning right away, without having to block funds for long periods of time while waiting for their new buildings. As a result of over-full order books, shipyards are in no mood to reduce prices especially for dry bulk sips which make them the least profits or largest losses depending on the shipbuilding cycle, as a result the secondhand prices for dry bulkers will remain higher for longer. Congestion adding to other forms of inefficiencies; Special Surveys and EEXI Engine Power Limits absorbing even more supply than anyone had anticipated; and higher bunker prices due to the SoH closure reducing speeds even further despite the strength of the dry bulk markets and removing more ships for longer than usual from the spot trade. The classic combination of increasing demand colliding with reducing supply will ensure a stronger dry bulk freight market. Long may these aligned stars continue to shine.

The question: Is the SoH open or closed? was best answered by a single word: Yes. And that is how it has been for the past months or so. Lloyd's List op-ed dated 16 July stated what most shipowners think '…policymakers and industry figures are increasingly conceding that a post-conflict Hormuz may require a new framework, and that framework may involve some form of fee structure. If a transparent and internationally accepted system could restore predictable navigation, the cost of a modest transit charge could be more than offset by lower insurance costs and reduced market disruption. The economic logic is difficult to ignore.'

Can China Grow from Within?

That is the title of an article written by Keyu Jin, for Project Syndicate, dated 1 April 2026. The summary points raised in this article are as follows:

- China's paradox - it is the World's most dynamic technological power, breaks through in AI, EVs, and advanced manufacturing, yet economic growth slows.
- China is experiencing a structural transition, not a cyclical slowdown. The old model is giving way to a new one.
- A system that depends on external demand, foreign capital, or imported technology is exposed to external shocks.
- The investment-driven, export-led model that powered Chinese growth was highly effective at scaling up supply, delivering extraordinary results through a time of rapid globalization, favorable demographics, surging urbanization, and a property boom. It has now reached its limits.
- Advanced-technology's macroeconomic weight accounted for 6% of GDP in 2025, contributing little to local-government revenues compared to the property sector it is meant to replace.

- The one engine, capable of sustaining growth at the scale China requires, is consumption.
- Getting households to consume more is challenging, as savings/under-consumption is embedded in China's DNA.
- The gap between China's current consumption levels and global norms implies trillions in unrealized demand.
- China's real consumption stands at roughly 50-80% of US levels, consistent with a middle-income OECD economy.
- Services are much lower, falling short of developed-economy levels by an estimated 15-20%.
- The 15th Five-Year Plan marks the Chinese government's most concerted effort to address this imbalance.
- At its core, is a new doctrine: boosting domestic demand by investing in people.
- Starting with pensions; rural pensions average only $35 per month, less than 7% of urban retirees' benefits; rural pensions are set to rise to about $85 per month within three years, and to some $140 per month within five years; this change could ultimately lift consumption by 5-10 bps of GDP; but persuading Chinese households to spend will depend on improving distribution of income, security, and opportunity across the economy.
- The 15th Five-Year Plan aims to expand free education, increase the number of years of compulsory school attendance, lower childcare costs, and scale up vocational training.
- It will reform the hukou (household registration) system and integrate migrant workers into urban welfare systems.
- It will unlock household wealth and stabilize living costs via rural land reform, improved public housing, and urban renewal initiatives.
- China's stock-market capitalization stood at roughly CN¥100 trillion ($14.5 trillion), about 77% of GDP, well below the 100-120% ratio of mature markets.
- Expanding China's capital markets is essential to reducing reliance on external capital.
- Capital markets channel savings into more productive sectors, particularly services and high-tech industries, and access to sustainable wealth creation.
- Capital markets will change investments from property-based to financial-based, from investment-led growth to consumption-driven demand.
- China's capital markets require reforms to improve IPOs, strengthen governance, encourage dividends and buybacks, and mobilize "patient capital" from pension funds and insurers.
- Gradual financial opening and greater foreign participation will enhance market depth and integration.
- With intensifying geopolitical volatility and global fragmentation, strong domestic demand offers insulation from external shocks, and a strong capital market will strengthen autonomy.
- China aims to recreate the conditions that some privileged economies have long enjoyed: the ability to grow from within.

The answer to the question is self-evident.

Mayuree Naree & Hatthaya Naree:

- On 11 March 2026, ***Mayuree Naree*** was struck by two projectiles while exiting the Persian Gulf, causing severe damage that resulted in the vessel being declared a constructive total loss. Twenty of the 23 Thai crew members on board were safely rescued, while three tragically lost their lives.
- During the period, the Group received USD 10.98 million in war risk insurance proceeds relating to the vessel loss and statutory crew compensation. The Group also incurred USD 1.26 million of expenses arising from the incident. Seventeen of the rescued crew have reported back to work, while three have initiated legal proceedings against the Company and certain related parties. The Company is defending the claim by these three crew members and, at this stage, does not expect any impact on its financial statements as of 30 June 2026.
- The ***Hatthaya Naree*** was redelivered from her previous charter at Hamriyah, UAE in early March and subsequently remained in the Persian Gulf on the Group's account, without income, while awaiting safe passage through the Strait of Hormuz for about 2.5 months. The vessel was fixed on time charter on 24 June 2026. However, due to the continuing security situation in the Strait of Hormuz, the vessel remains in the region pending safe onward transit. Management does not expect this situation to have a material impact on the Group's financial statements.
- Once again, we must direct you to a great video from BIMCO which sets out what seafarers have been undergoing since 28 February all the way till drafting this newsletter. They are the silent, unsung heroes, who keep your lights on, your food on the table, the clothes on your backs, the building materials for the houses that you live in. In fact, everything that humans need or its raw material is shipped to them via vessels that these seafarers work on in conditions forced on them by people who start wars without thinking through any of the subsequent consequences.
- Another great video from BIMCO concerning the growing criminalization of seafarers which tells you the story of how unjust governments and their law enforcements bodies collude to criminalize seafarers rather than focus their attention and their resources on catching the real criminals.

PSL's Fleet Renewal:

Our Fleet renewal has progressed even further with our purchase of a second MR Tanker, the High Tide, announced on 15 May 2026, after the close of business, to our regulator, the SET. The ship has a delivery window between August and 14 November and was 14 years old when the purchase contract was signed. As far as the Tharinee Naree is concerned, even if we begin her calculations from the date/time that we took delivery of her, she would have earned a time charter equivalent rate, inclusive of all outstanding demurrage, of USD 18k (USD 18,211) per day from 26 February till 15 July. But if we begin her calculations from the date/time that she sailed out after completing her fourth special survey on 7th April, she would have earned a time charter equivalent rate, inclusive of all outstanding demurrage, of USD 25k (USD 25,424) per day from 7 April till 15 July, which is when she completed her 5th voyage for which we have full details.

Awards and Honors:

- 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.
- Achieved an FTSE Russell ESG score of 4.2 out of 5 in 2025, placing PSL in the top 11% of companies in the Industrial Goods & Services sector.
- 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.
- 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 fourth consecutive year (2022 – 2025).

Market Segmentation

During Q2 2026, the Baltic Handysize Index (BHSI) averaged 832 points, corresponding to an average Time Charter (TC) rate of USD 14,970 per day. Our nine existing (excluding 4 cement carriers) earned an average of USD 14,612 per day, underperforming the BHSI TC rate by 2.4%. Our seven large Handysize vessels earned an average of USD 16,088 per day, outperforming the BHSI TC rate by 7.5%. The Baltic Supramax Index (BSI63) averaged 1,535 points, corresponding to an average TC rate of USD 19,403 per day. Our six existing Supramax vessels earned an average of USD 15,949 per day, underperforming the BSI63 TC rate by 17.8%. Our fourteen Ultramax vessels earned USD 18,554 per day, underperforming the BSI63 TC rate by 4.4%. Please note that our Small Handysize and Supramax ships are rated 20% below the standard index ships.

The Next Earnings Call will be virtually held at 10:15 hours on the 7th of August 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 Q2 results. The number of online participants attending PSL's live presentation for Q1 results on 13th of May 2026 was 89 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.

Pope Leo XIV:

- Pope Leo marks his first year leading the Catholic Church with a higher public profile and a ramped-up schedule, having grown more outspoken on the world stage and drawn the ire of Trump.
- Secretary of State Marco Rubio came to the Vatican for a potentially fraught encounter with Pope Leo as Trump has continued a series of disparaging attacks on the Catholic leader over the Iran war.
- Pope Leo asked that God inspire world leaders to calm global tensions and reduce hatred in an address to mark his first anniversary as head of the Catholic Church, a day after he met Secretary of State Marco Rubio.
- Pope Leo stated that the “litmus test” for social justice is the treatment of migrants and refugees and offered an apology for the church’s legitimizing slavery and delay in denouncing the scourge.
- Pope Leo visited the Italian island, Lampedusa where many migrants land on their way from Africa to Europe, and those who died along the way are buried.
- Pope Leo XIV called for nuclear disarmament in a new book published 20 July 2026.

Small Modular Reactors (SMRs):

- Canada’s most populous province greenlit a C$20.9 billion ($15 billion) plan to build a new, smaller kind of nuclear plant, a step forward for a nascent technology that’s been touted as a way to meet surging power demand from artificial intelligence. Ontario Power Generation won approval to build the first of four small modular reactors designed by GE Vernova at a site outside of Toronto. SMRs work on the established procedure of cooling water under high pressure being used to keep the core nuclear material from overheating. Spent fuel from SMRs may have higher radiotoxicity than spent fuel from conventional reactors, requiring careful waste management strategies. Westinghouse offers a SMR design, AP300, that is considered a readily deployable solution.
- In shipping they have been touting something called Molten Salt Reactors (MSRs) where nuclear fission in the fuel and/or the coolant is molten salt. The Molten Salt Reactor Experiment (MSRE), operated from 1965 to 1969, served as a key proof-of-concept for molten salt reactors. It demonstrated the feasibility and safety of using molten salts as both a fuel carrier and a coolant. However, to date, it has not been developed commercially. We have been hearing and reading about these MSRs for a long time and the most recent report suggested another decade before proof of concept could be ready.
- The commercial shipping industry is chasing a novel carbon-free propulsion technology as it pursues a lofty climate goal: nuclear power. A group led by Core Power Ltd. is developing commercial vessels powered by carbon-free nuclear reactors, with plans to launch a fission-powered vessel by 2035.
- Mass production of SMR technology will reduce reactor production costs by up to 80% on the current costs because the nuclear reactor costs are “front end heavy” and that will increase the attraction of the technology and allow nuclear to compete with oil and gas. The NuPro ship project has really brought together all the necessary areas of expertise and competence. The development of a steel and aluminium material has allowed Blykalla to develop uranium nitride fuel that would power low-cost electricity production. (Seatrade, 18 Jun 26)

- Key hurdles for nuclear-powered shipping advocates to answer how reactor technology will fit into shipping, licensing of the fuel, how to access investment and finance, and, crucially, liability and indemnity. A state-backed insurance system would be needed for the first few ships. Maritime insurance currently carries a nuclear exclusion, while the insurers active in today's land-based nuclear industry are barred from extending cover to ships. (TradeWinds, 22 Jun 26)
- Dr Edwin Lyman, director of nuclear power safety at the Union of Concerned Scientists in Washington, DC, and author of the April 2024 paper, "Five Things the 'Nuclear Bros' Don't Want You to Know About Small Modular Reactors" was quite clear that nothing had changed. Dr Lyman cites a 2018 University of Cambridge, department of engineering study, that put cost savings due to mass production at 30% at most. No modern SMR has been built or tested, there is no regulatory regime, and issues such as safety and security remain open, with International Atomic Energy Agency monitoring needed to make certain that nuclear fuels are not diverted. There has to be massive government support, that is the only way some of these plans are going to happen.

Other Shipping News:

- Total Indian seaborne dry bulk trade hit a record 537 MMT in 2025, underlining the country's role as a key demand driver in dry bulk markets. Trade is heavily import skewed, driven by energy and raw materials demand from its >1.4bn population and growing industrial base. Imports reached 436 MMT in 2025, having grown at a CAGR of 9% since 2000 and 5% since 2020, and now representing ~7% of total global dry bulk imports, second only to China. Exports are more modest (~100 MMT/2% of global dry bulk) but nonetheless play a key role in some commodities.
- India's most high-profile involvement in dry bulk trade is in coal; India is the world's 2nd largest coal consumer and importer (both after China). In 2025, coal imports reached 253mt (174 MMT thermal, 79 MMT coking), accounting for nearly 20% of global seaborne coal trade and ~60% of India's total seaborne dry bulk imports. Despite significant growth in domestic production (2025: ~1.1bt, a new record), India remains reliant on imports, which surged during the 2000s and early 2010s but have seen ups and downs since. The Indian government continues to pursue greater domestic production, but thermal coal imports are generally expected to remain resilient in the medium-term as energy demand grows (though Indonesian policy and higher international coal prices amid the Middle East conflict are dampening volumes now). Meanwhile, coking coal imports look likely to be supported by firm steel output growth (YTD: +11% y-o-y) and limited scope for domestic substitution.
- India is a significant iron ore producer and was historically a major exporter, with exports peaking at 114 MMT (13% of global) in 2009. However, shipments fell sharply in the early 2010s amid a crackdown on illegal mining and shifting market trends, slipping to 4 MMT in 2015. Since then, India has settled into the role of a price sensitive 'swing supplier' in global iron ore markets, with most of its exports going to China (2025: ~90% of India's total ~25 MMT of iron ore exports). In recent years, supply growth from Australia, Brazil and now Simandou (Guinea) has been pressuring lower-grade Indian ore prices, while firm domestic steel demand has absorbed more supply, curbing exports but also supporting imports (2025: 9mt, up >100% y-o-y, further growth in YTD). Overall, India looks likely to remain a volatile 'swing player' on the exporter side but could well evolve into a moderate importer in the medium term.

- India's minor bulk trade has shown firm growth in recent years, with imports hitting c.175mt in 2025 after growing at a CAGR of 8% over the last five years. India is the second largest minor bulk importer globally, accounting for 7% of global volumes (China: 22%), while exports totalled around 75mt. India is the number one seaborne importer of fertilisers (c.35mt, 17% of global last year), though in 2026 this trade looks vulnerable to lost volumes from the Middle East Gulf. So, India is a key driver of developments in seaborne dry bulk trade. With clear growth potential in some areas and competing factors at play elsewhere, there is much to track ahead. (Clarksons, SIW, 29 May 26)
- The IEA's latest forecast makes for thrilling reading. Not only is oil demand NOT dead, but the agency also expects the biggest supply rebound on record, jumping by +15m bpd E (+16%!) by the end of 2027, the majority of which will be seaborne. While uncertainties abound, and the absolute levels are open for discussion, we believe the direction is clear. With the G7 yesterday committing to tighter sanctions against Russian oil and gas, the compliant market is thus in pole position for a strong cycle as soon as Hormuz flows normalize. (Arctic Shipping, 18 Jun 26)
- After a subdued start to 2026, container freight rates found initial support amid disruption and bunker cost increases from the Middle East conflict but have now seen much more material gains through May and into June as an 'early' peak season looks to be in full swing. For now, sentiment is strong and futures markets point to a 'hot' summer, but there remains a lot to watch ahead. However, it remains to be seen how far current momentum can go: an 'early' peak season implies potential for some 'give-back' later (SCFI-S Europe end-Oct position: ~1,600) and there is plenty of risk to track, from the Middle East conflict and economic impacts, to accelerating fleet growth and potential for any Red Sea 'unwinding' further ahead. But for now, container freight markets are clearly experiencing a 'hot' start to the summer. (Clarksons, SIW, 26 Jun 26)
- The 2026 record boom in newbuilding vessels of all types continues in earnest, even though many of the vessels will not be delivered before 2029-2030! VLCC orders are dominating the headlines with reports that close to 200 x VLCC's have been ordered in the first half of 2026 compared with about 25 in the same period in 2025. This shatters the previous record of about 110 x VLCC's ordered in the year 1969! There are even reports of a START-UP ordering region $600 mill of newbuilding tankers and container vessels! (Compass Maritime, 20 Jul 26)
- After last week's return to "closure" transit levels at Hormuz, this week has seen disruption "spread" to the Red Sea with the first Houthi attacks on ships in 2026. Initial datapoints suggest a drop in VLCCs crossing the Bab El Mandeb (but not a "closure") alongside some signs of re-routing. Longer-term planning of infrastructure investment to reduce future reliance on Hormuz continues. Export capacity from bypass pipelines could rise from 8m bpd today to 17m bpd if all projects are built, with these developments often involving longer shipping distances (e.g., Yanbu, via Gulf of Aden, is 15% further to Asia than the MEG), while two new Middle East container terminals, to be built in Fujairah (outside of the Gulf), have been announced. Alongside restocking demand (to higher levels than previously?), some of the potential longer-term "solutions" to the current crisis may be supportive drivers for energy shipping markets. (Clarksons, SIW, 24 Jul 26)

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.
- Around 20% of the world's oil and gas supplies are exported from the Arabian Gulf through the SoH.
- Iran has warned that its campaign to throttle global energy markets could be expanded from the SoH to the vital Red Sea route if US attacks continue, a threat that depends on its Houthi allies in Yemen. With Hormuz already disrupted, the Red Sea is now a critical alternative outlet for Gulf oil and other products. Any serious interference at Bab el-Mandeb would raise the prospect that both region's major oil export routes could be shut simultaneously.
- Roughly 12% of global trade passes through Bab al-Mandeb daily. On 20 July, the Houthis, the group that controls northern Yemen, including its coastline above the Bab al-Mandeb Strait, declared a maritime embargo against US ally Saudi Arabia "effective immediately," asserting that the Bab al-Mandeb is now closed to Saudi maritime traffic. In Q1 of 2026, 5.4m bpd of crude oil and petroleum transited through Bab al-Mandeb. By June, total petroleum flows hit 7.4m bpd, about 7% of global output, and up more than 75% from a year earlier, because Saudi Arabia now pumps roughly 70% of its energy exports through the East-West pipeline to the Red Sea port of Yanbu.

Dry Bulk Market Conditions:

- Metal exports from China, especially aluminum, are getting a significant lift from the war in the Middle East, which has cut regional supplies while boosting demand for clean-tech products as fossil fuel prices soar. Shipments of aluminum products from the world's main manufacturing hub are on track to hit a record this year, the country's top industry association has forecast.
- Buyers of lower protein content milling wheat for shipment to southeast Asia have increasingly turned to Black Sea origins, as Australian Standard White wheat with at least 9pc protein content (ASW9) has become too expensive, while offers of Argentinian milling wheat have grown scarce. As for Argentinian wheat, the country's crop this year had a significantly higher share of feed wheat than historical averages.
- Iron ore rose to the highest since October 2024 as China's markets reopened after a five-day holiday in early May. Futures advanced as much as 1.6% in Singapore to $110.25 a ton, as the market saw a boost from strong buying on China's domestic exchange as trading resumed.
- Much of next week's summit (14/15 May) between Presidents Trump and Xi Jinping, will focus on trade, where each side has the power to hurt the other badly and an unstable truce prevails. China may play on Mr. Trump's fixation on America's bilateral deficit to tempt him to sell out Taiwan by offering concessions on trade.
- Data showed that US employers added 115,000 jobs and unemployment was steady at 4.3%.
- Australia will spend $7.22 billion to boost its national fuel stockpiles and establish a permanent government-owned fuel reserve.

- With their location trackers shut off to avoid Iranian attacks, the UAE and buyers have recently sailed several tankers loaded with crude through the SoH in a bid to move oil bottled up in the Gulf, according to shipping data.
- Workers striking over a pay dispute have halted mining since 6 May on the two blocks of Guinea's giant Simandou iron ore project operated by a consortium led by China's Baowu Resources.
- Responding to extraordinary price signals, US refiners have boosted jet fuel output by 18% since the war began, while gasoline and diesel output have each risen by over 2%, according to the Energy Information Administration. That export frenzy has triggered a rapid, highly counter-cyclical drawdown in domestic inventories that is increasingly threatening the US economy.
- A US trade court dealt another blow to Trump's tariff strategy, ruling that his latest 10% temporary global duties are unjustified under a 1970s trade law.
- America is experiencing a productivity miracle, and it has little to do with artificial intelligence. Earlier technologies, abundant cheap energy, and an unusually flexible economy deserve most of the credit. But AI may soon accelerate the trend.
- The disruption caused by the Strait of Hormuz closure has pushed shipping costs higher even on routes thousands of miles from the conflict.
- American consumers have paid more than $37 billion in additional gasoline and diesel costs since the war with Iran began on February 28, according to a real-time tracker developed by Brown University's Watson School of International and Public Affairs.
- The Iran war has pushed up petrol prices. That much is well known. But the conflict is also driving up the cost of many other goods, from aluminium to pistachio nuts.
- Secret new assessments say Iran has operational access to 30 of its 33 missile sites along the Strait of Hormuz, suggesting that its military remains far stronger than President Trump has asserted.
- The Senate narrowly confirmed Kevin Warsh as chair of the Federal Reserve, setting up the most controversial leadership transition at the US central bank in decades and a test of its political independence. The 54-45 vote Wednesday was the slimmest confirmation margin ever for a head of the central bank.
- Every day the Strait of Hormuz remains closed, nearly 14m barrels of oil, 14% of global output, are lost. Yet markets remain oddly calm. The price of Brent crude is still far below the panicked predictions made at the start of the war. Why? More exports from elsewhere, combined with falling imports, have created a surprising mini glut. But the world's energy reckoning has merely been deferred, not dodged.
- China's producer prices blew past expectations to rise to a 45-month high in April, while consumer inflation also accelerated as global energy costs remained elevated, piling more pressure on manufacturers already grappling with weak demand at home.
- Indian PM Narendra Modi urged a spate of measures including fuel conservation, work-from-home practices and limits on travel and imports, as a surge in global energy prices puts pressure on the country's foreign exchange reserves.
- Trump's package of public threats, insults and ultimatums seems to have hit a wall with Iran and may undermine his efforts to end the war. Trump said Xi Jinping agreed that Tehran must open the Strait of Hormuz, but China gave no indication it would weigh in.
- The death count rose drastically to at least 90, by Saturday (23 May) in a coal mining accident, as the Chinese leader, Xi Jinping, called for an investigation and emphasized the need to "hold those responsible to account."

- The US-Israeli war on Iran has already cost companies around the world at least $25b, and the bill is climbing.
- China has committed to purchasing at least $17bn of US agricultural products in 2026, 2027 and 2028, the White House said in a fact sheet. The commitment was made during the US-China summit on 14/15 May.
- The war in the Middle East is squeezing two pillars of Indian employment, forcing Gulf-based workers home and crushing demand for the country's manufactured exports, from leather goods to glassware.
- Iran's grip on the SoH has thrown the world economy into turmoil. A new mechanism is giving preference to ships linked to allies Russia and China, followed by countries like India and Pakistan with close ties to Tehran, and then G-to-G agreements that let few vessels pass. With summer's peak fuel demand starting, the lack of exports and depleting fuel stocks could push the world's oil market into the "red zone" by Jul-Aug, the IEA said.
- China's aluminum industry is preparing for significant disruption to its raw materials supplies after Guinea, the world's biggest bauxite producer, said it is finalizing plans to limit exports of the ore. The West African nation will set out steps to control bauxite exports in June, Mines and Geology Minister Bouna Sylla said.
- China's world-beating coal production has helped shield its economy from the worst of the Iran war shock. Now the deadliest mining disaster in years is raising uncomfortable questions about the cost of that drive.
- China's prolonged property downturn continued to weigh on long steel demand in April, with new home construction starts falling sharply year over year. Mill sources and analysts at S&P Global Energy CERA said in the week of May 22 that the decline in construction steel consumption could persist through 2027, although the pace should gradually slow.
- Indonesia's plan to route coal exports through a new state entity is rattling traders and mining firms, raising concerns that a policy aimed at curbing revenue leakage could disrupt the world's largest seaborne coal market.
- State-run Coal India has asked its subsidiaries to ramp up coal supplies to power plants to avoid shortages as the country's power demand hits a record high following an intense heatwave, triggered by an El Nino weather pattern.
- The contrast between China's weak steel production but robust iron ore imports is continuing and is starting to look like a structural shift rather than a temporary dislocation.
- The rally in the global aluminum market could spur record exports of the metal from China, where elevated prices are capping consumption.
- Last year's labour-market gloom was all but buried by Friday's (5 June) jobs report. America's employers added 172,000 workers in May, nearly double the amount that analysts expected. Yet even these healthy headline numbers understate the labour market's vim. Is it overheating?
- A surge of US crude oil is arriving in Asia, but the record volumes are nowhere near enough to offset the loss of cargoes from the effective closure of the Strait of Hormuz.
- Chinese coking coal price rose to the highest since 2024 as the aftermath of a deadly mining accident and ongoing safety inspections kept prices elevated. A fatal blast at the privately owned Liushenyu mine in Shanxi, China's main coal-producing region, killed at least 82 people on 22 May and prompted intensified scrutiny of mine safety. Some coking coal mines in the province remain shut, constraining supply.
- Global oil inventories are running dangerously low as a deal to re-open tanker traffic through SoH has proven elusive, and industry executives and analysts warn there could be another oil price shock in the coming weeks, severe enough to upset broader financial

markets. Some fear the next move higher for oil prices would pose a risk to economic growth, bond yields, and the bull market for stocks.

- China's imports of LNG are surging as the nation steps up purchases to cope with rising electricity consumption over the hotter summer months.
- US crude oil exports surged to a record 5.6 million b/d in May, as SoH disruptions forced global buyers to seek alternative supply sources.
- China's trade in major commodities in May underscored that price moves are the primary driver of changes in flows in the world's biggest buyer of natural resources. The headline-grabbing number from Monday's customs data was the collapse in crude oil imports to an eight-year low of just 7.79 million barrels per day (bpd).
- Vietnam will allow domestic coal mining companies to raise their output to meet the country's rising demand for power generation.
- Consumer prices rose at a faster rate for a third-straight month in May, to 4.2% annually, as the energy shock put more pressure on the US economy.
- As the Middle East conflict raised prices of energy products it would provide more ammunition for the Fed Reserve to keep interest rates unchanged this year.
- Iron ore is the one major commodity that is sailing unaffected through the storm created by the U.S.-Israeli war on Iran, but the relative calm masks shifting dynamics for the key steel raw material. China buys about three-quarters of all global seaborne iron ore, using it to feed mills that produce just over half of all the world's steel.
- The US has become the world's largest oil exporter, upending a decades-old order long dominated by Saudi Arabia and Russia, a shift that tightens US' grip on energy markets as Washington's war with Iran reshapes global energy trade.
- Qatar is planning to rapidly boost LNG production once the SoH reopens, aiming to restore most of its export capacity within two months.
- Australia's iron ore miners emphasised on 16 May how growing steel demand in India and Southeast Asia would help offset the stagnating market in top customer China. Already the world's second largest steelmaker, India plans to double output to 400 MMT by 2035-2036 from the current 168 MMT.
- Automakers Volkswagen, Stellantis and Renault, which account for about 60% of Europe's car output, are urging the EU to adopt a simple "Made in Europe" rule and stronger incentives to boost local production.
- India has barred commercial consumers from buying gasoline and diesel from retail fuel stations and imposed limits on daily diesel purchases to prevent local shortages, amid disruptions to global supply chains due to the war in the Middle East.
- Canada will invest more than C$1 billion to promote competition among grocers and food processors, PM Mark Carney said, adding that efforts to combat high food inflation would also enhance national security.
- On 22 June, America's Treasury Department upended four decades of policy and waived sanctions on Iranian oil for 60 days. America wants to keep negotiations alive and the SoH open. The Economist explains why the move so far looks ineffective from America's perspective, and like a blessing for Iran.
- China's coal-fired power generation is set to rebound this year from its first fall in a decade, analysts said, due to the impact of El Nino and the Iran war and as renewable sources of energy have failed to keep pace with demand. The world's biggest power consumer increased its usage of thermal power by 3.4% y-o-y in the first five months of the year to 2.53 trillion kilowatt-hours (kWh). Thermal power is mostly from coal with a small amount from gas.

- China's latest five-year energy plan confirms two seemingly contradictory positions: it will continue to be the world's leader in both renewable energy and coal. The trick is to view China's plans to massively expand renewable power while keeping coal production and consumption around record levels through the prism of energy security.
- The global oil market is set to swing back into oversupply as the impact of the Iran war fades and traffic through the SoH recovers, according to Goldman Sachs. While purchases of crude to replenish strategic reserves are expected to tighten the global market to some extent, they would only partially offset the anticipated glut.
- China, the world's second-largest economy, as well as neighbouring Japan and Taiwan, are increasingly exposed to destructive weather events that scientists link to climate change. This year is of particular concern because the expected emergence of El Nino could drive up temperatures and help fuel more frequent and intense typhoons.
- China purchased at least 6-7 cargoes of US soybeans on July 6, equivalent to about 330,000 metric tons, according to multiple traders, buyers, sellers, and analysts based in Asia. The purchases were for shipments from September to November to both the US Gulf Coast (USG) and Pacific Northwest (PNW) ports. A Chinese soybean buyer estimated that around five cargoes were booked from USG and two from the PNW.
- China’s economy slowed more than expected in Q2 to the weakest in more than three years, raising pressure on policymakers to speed up public spending to ensure their annual growth goal is met. Gross domestic product grew 4.3% from a year ago, according to data released by the National Bureau of Statistics on Wednesday, below the bottom of this year’s official target range of 4.5% to 5%.
- If there is a surprise to China's response to the Iran conflict, it's not that the world's biggest crude importer cut back on oil imports and refinery processing, it's the extent to which it did. China has a strong track record of lowering crude imports in response to higher prices and boosting arrivals when they decline.
- Soybeans and corn futures extended gains as crude oil jumped after hostilities in the Middle East escalated, boosting the appeal of biofuels. Separately, Chinese demand is adding to bullish signs for soybeans. The USDA on Friday reported sales of 340,000 tons of American beans to China for delivery during the 2026-27 marketing year.
- Low river levels have halted coal barging operations on the northern stretch of Indonesia's Barito River in central Kalimantan, disrupting coal supply chains and prompting some miners to declare force majeure, according to market participants.
- Escalating hostilities between the US and Iran could reignite inflation, drive interest rates higher and knock global growth back to as low as 1.3%, down from 2.9% last year, World Bank chief economist Indermit Gill said.
- The FOMC voted 9-3 to hold the benchmark federal funds rate on 29 July. Fed Chairman Warsh insisted the decision wasn’t a sign of inertia at the central bank, which he reiterated is committed to tackling inflation.
- BMW said it will cut several thousand jobs in Germany by the end of 2027 under a voluntary redundancy programme, the latest German carmaker to axe staff in response to squeezed profits and weak demand.

Factors affecting the BDI:

- On the supply side, the forward order book-to-fleet ratio to end-2029 at 13.18% is marginally higher than the current 20-year-olds at 12% of the existing fleet at the start of Q3 2026. Fleet growth continues amid a steady flow of bulker deliveries and limited recycling activity, while EEXI/CII-related inefficiencies continue to constrain effective supply. Newbuilding contracting remains steady amid strong sentiment and vessel demand.
- World Steel production reached 931.5 MMT in the FH of 2026, a marginal 0.7% drop from FH 2025.
- India and Southeast Asia are expected to become key drivers of global iron ore demand, offsetting China's moderating steel consumption. India's steelmaking capacity is targeted to increase from around 175 MMT in 2025 to 300 MMT by 2030 and 500 MMT by 2047, while China's steel demand continues to shift from the real estate sector towards manufacturing industries such as shipbuilding, supporting seaborne iron ore trade and dry bulk tonne-mile demand.
- Seaborne coal demand has strengthened amid heightened energy security concerns, with disruptions to Gulf LNG exports prompting some power generators to switch from natural gas back to coal. Looking ahead, tighter Indonesian coal supply is expected to increase longer-haul coal imports into Southeast Asia, while inventory replenishment and the risk of El Niño-related disruptions to Australian and South American coal exports are likely to support coal trade and tonne-mile demand through the remainder of 2026.
- West Africa is emerging as an increasingly important source of long-haul dry bulk trade, supported by expanding exports of both Guinea's bauxite and iron ore. While Guinea's wet season and export controls may temporarily disrupt shipments starting Q3, continued investment in mining and export infrastructure, including the Simandou project, is expected to support long-term seaborne trade and tonne-mile demand.
- Dry bulk trade recorded a strong performance in 1H 2026, supported by a 5% y-o-y increase in iron ore shipments. Growth was driven by robust exports from Australia and Brazil, the continued ramp-up of Simandou (with over 7 million tonnes exported so far in 2026), and resilient Chinese import demand despite high inventories and weaker steel production. Coal trade rebounded from weak levels seen a year earlier, with Chinese imports rising 23% y-o-y in June, although demand has since eased and uncertainty remains over Indonesia's export policy. Minor bulk trade also remained solid, increasing 3% y-o-y in 1H 2026, aided by strong bauxite shipments, while grain trade surged 13% on the back of firm Atlantic export supply. Overall, global seaborne dry bulk trade is expected to grow by 2.4% in tonnes during 2026, although growth is likely to moderate in the second half of the year due to a stronger comparison base from 2H 2025 (Clarksons).
- China imported 50.2 MMT of soybean up 1.6% in FH 26 compared to FH 25.
- China imported 1.1 MMT of corn up 37.5 % in FH 26 compared to FH 25.
- China imported 3.0 MMT of wheat up 57.9 % in FH 26 compared to FH 25.
- China imported 628.9 MMT of iron ore up 6.2% in FH 26 compared to FH 25.
- China imported 225.4 MMT of coal up 1.7% in FH 26 compared to FH 25.
- China imported 121.1 MMT of bauxite/alumina up 17.1% in FH 26 compared to FH 25.
- China exported 54.9 MMT of steel down 5.5% in FH 26 compared to FH 25.
- China’s average PMI index was 50.2 during Q2 26.

- China's Q2 2026 GDP grew by 4.7% year-over-year, following a 5.0% expansion in Q1. China's economic growth is expected to slow to 4.6% in 2026 as per IMF. The economic growth is expected to remain supported by resilient high-tech manufacturing, continued industrial upgrading and infrastructure investment, despite ongoing headwinds from the prolonged property downturn, cautious consumer spending and subdued private investment. Strong performance in sectors such as semiconductors, electric vehicles, robotics and artificial intelligence continues to offset weakness in traditional industries. While China remains vulnerable to global oil price volatility as the world's largest energy importer, its expanding renewable energy capacity, diversified energy import sources and substantial strategic petroleum reserves should help mitigate the impact of prolonged disruptions in energy markets.
- Congestion at Chinese coal terminals has effectively tightened the available Panamax fleet (as of 8th July), as high coal imports, elevated port inventories and weather-related disruptions have increased vessel waiting times. A more active typhoon season could prolong delays, although a subsequent slowdown in coal imports may weigh on chartering demand once congestion eases.
- According to Clarksons Jun report, tonne-mile demand will increase from earlier projection (in Mar 26) of 2.4% to 3.1% in 2026 and of 1.2% (projected in Mar 26) to 1.4% (projected in Jun 26) in 2027 compared to net supply growth of 3.9%[1] in 2026 and 2027. Effective fleet supply is expected to remain constrained despite projected fleet growth of ~3.9% in 2026, as slower operating speeds, off-hire time for special surveys and longer average voyage distances continue to absorb vessel capacity and support market balances.
- China's record power demand and rising temperatures have boosted coal burn, while domestic coal output has declined following a major mine accident and subsequent tighter safety inspections. With coal-fired power generation outpacing coal production for six straight months, the widening supply-demand gap is expected to support coal imports in the near term.
- China's soybean imports more than doubled from Q1 to nearly 34 MMT in Q2 as Brazilian shipments peaked seasonally. Recent large-scale purchases of U.S. soybeans following improved trade relations suggest China has begun rebuilding U.S. imports, providing a positive outlook for dry bulk demand in the second half of 2026.
- Guinea's bauxite exports reached a record 114.8 MMT (+15% y-o-y) in 1H26, supporting Capesize demand through strong Guinea–China tonne-mile trade. However, growth may moderate as weaker prices, rising operating costs, and potential export curbs pose downside risks.
- The section 'Markets in 2003-09, 2010-20, 2021-25, 2026 and beyond' gives a comprehensive explanation of the dynamics driving the dry bulk freight markets.
- The BDI averaged 2,346.9 points in the FH of 2026, which was +81.9% when compared to 1,290.1 points in FH 2025. If you look at the individual sectors/index ships, in FH 2026 when compared to FH 2025, then Capes averaged TC of $29,494 compared to $15,794 (+86.7%). Panamaxes averaged TC of $17,283 compared to $10,701 (+61.5%), Supras (58K) averaged TC of $14,917 compared to $9,209 (+62.0%), Supras (63K) averaged TC of $16,951compared to $12,160 (+39.4%) and Handysizes averaged TC of $13,670 compared to $9,813 (+39.3%). Overall, all dry bulk vessel segments significantly outperformed their FH 2025-time charter rates, with Capes recording the largest increase.

[1] The projected fleet growth of 3.9% is based on Clarksons DBTO (June 2026) and is used consistently throughout this newsletter unless otherwise stated.

- In Q2 2026, the Capesize TC index averaged $36,303/day (+94% y-o-y), started the quarter with a trough at $23,918, a peak of $46,538 on 28 May, and then closed out the quarter at $28,678. The Panamax (82K) index in Q2 averaged $19,234/day (+62% y-o-y), started the quarter with a trough of $15,825, a peak of $22,691 on 15 May and closed the quarter at $19,383. The Supramax (58K) index in Q2 averaged $17,369/day (+72% y-o-y), started the quarter with a trough at $13,251, reached a peak of $19,681 on 19 June, and closed the quarter at $19,042. The Supras (63K) index in Q2 averaged $19,403 /day (+60% y-o-y), started the quarter with a trough at $15,285, peaked at $21,715 on 19 June, and closed the quarter at $21,076. The Handysize index in Q2 averaged $14,970/day (+41% y-o-y), started the quarter at $12,532, reached a trough of $12,452 on 8 Apr, a peak of $ 17,044 on 29 June and closed out the quarter at $17,026.
- IMF projected global growth at 3.0% in 2026 (revised down slightly from 3.1% projected in April), as the drag from the Middle East war, higher oil prices, elevated uncertainty, and supply-chain strain. These challenges are offset by an accelerating AI-driven technology cycle, with gains concentrated in economies well-integrated into tech value chains (e.g., Taiwan, Korea, Thailand, Malaysia) and losses concentrated among energy-importing countries with limited tech exposure, including many low-income economies. The global economy has weathered the war shock better than feared so far, with limited evidence of second-round effects, as AI-driven tech demand offset the drop in energy supply from the conflict. Growth is expected to rebound to 3.4% in 2027, though still below the 3.5% average seen in 2024–25.
- IMF held the US 2026 growth forecast steady at 2.3% (unchanged from April), and 2.2% in 2027, a notable exception among advanced economies where most forecasts were revised down. Growth is supported by continued fiscal policy, accommodative financial conditions, and strong technology-related business investment and productivity gains, with only limited drag from the Middle East war given the US's net energy-exporter status. Trump's 2025 tax cuts, strong productivity gains, and a robust stock market are also seen as tailwinds for the economy.
- IMF upgraded China’s projected growth at 4.6% in 2026 (up 0.2pct from April), though this still marks a slowdown from 2025, as higher global oil prices, protracted uncertainty, and structural headwinds weigh on activity. The upgrade reflects faster-than-expected Q1 growth of 8.1%, driven by front-loaded public infrastructure investment and a surge in high-tech manufacturing and exports with China's deep integration into global tech supply chains helping it capture AI-driven demand, even as domestic demand has softened.
- India's growth is estimated at 6.4% in 2026 (a downgrade of 0.1 pct from April of 6.5%), while raising the 2027 forecast to 6.7% (up from 6.5%). Despite the downgrade, India remains among the fastest-growing major economies, with growth supported by strong momentum in private consumption and services activity.
- EU’s growth is forecasted at 0.9% in 2026 (down from 1.1% in April; 2027 unchanged at 1.2%), citing weak Q1 carryover, higher energy prices (only partly cushioned by fiscal measures), and soft consumer confidence.
- Emerging and developing economies growth to slow to 3.8% in 2026, before recovering to 4.5% in 2027. The outlook varies widely by country, depending on factors like commodity dependence, exposure to war, reliance on remittances/tourism, and position in the global tech supply chain.
- Growth in the Middle East and Central Asia is forecast to slump to 0.7% in 2026 before rebounding to 6.5% in 2027 (a 1.2 pct downgrade for 2026, 1.9 pct upgrade for 2027), driven by a longer Strait of Hormuz closure than assumed in April, with Iraq, Kuwait, and

Qatar, the hardest-hit commodity producers, facing sharp contractions in 2026 followed by double-digit rebounds in 2027.
- The orderbook to fleet ratio at the start of Q3 26 for the dry-bulk sector was 13.18%, the highest since 2016. Ships 20 years or older, comprising 129.92 MDWT or 12% of the existing fleet at the start of Q3 26 would be ideal candidates for recycling in 2026/2029. During Q2 of 26, 2.07 MDWT of ships were recycled across the dry bulk fleet compared to 2.53 MDWT (down by 18.2%) in Q2 25. The existing age profile at the start of Q3 26 of 129.92 MDWT or 12% of the world fleet being 20 years or older, combined with larger levels of the order book to fleet ratio of 13.18% (order book up to end 2029 compared to net supply at the start of Q3 26), 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 4.2% in 2026, with minor bulks growing at 3.0%, according to Clarksons.

Long-Term versus short term Charters

The long-term charters, of about 1 year or longer, are shown in the chart below. As can be seen, our current and forward three-year rolling book is currently at the 20.1% level with a visible revenue stream of USD 192.6 million.

Year	2026	2027	2028	2029
Total Available Days	14,832	14,965	15,006	14,965
Fixed T/C Days*	4,831	3,399	1,932	1,819
% age Fixed T/C Days	33%	23%	13%	12%
Av. T/C Rate/Day in USD**	15,883	16,921	15,721	15,355
Contract value in $m	76.73	57.51	30.37	27.93

**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 Jun 2026 and rates prevailing in Jul 2026 for the period thereafter.*

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

Supply Side Developments:

We started 2026 with 1,061.38 MDWT and have increased to 1,082.32 MDWT (+1.97%) at the start of Q3 2026. If we were to apply slippage of 0% (it was actually -2.13% for FH of 26 and the average slippage was 1.99% in 2025) to the scheduled deliveries in 2026 and 2027 and assume recycling reaches 6 MDWT in 2026 and 2027 (it was actually 2.07 MDWT in FH 2026 and 5.62 MDWT in 2025), we would be left with a net fleet growth of 4.01% (1,061.38 MDWT to 1,103.92 MDWT of which 386.23MDWT to 403.48MDWT (+4.47%) for the geared sector and 675.14 MDWT to 700.43 MDWT (+3.75%) for gearless sector) by end of 2026 and 3.96% by end of 2027 (1,103.92 MDWT to 1,147.64MDWT of which 403.48 MDWT to 417.96 MDWT (+3.59%) for the geared sector and 700.43 MDWT to 729.68 MDWT (+4.18%) for the gearless sector). While net supply growth in the dry bulk market is projected at 3.9% for 2026 and 2027, newbuild activity for bulkers in FH of 2026 has grown dramatically with 27.9 MDWT of bulk carrier contracts placed, an 83.4% increase from the 15.20 MDWT ordered in the same period last year. According to Clarksons, over the last 5 years (FH 2021-2025), the average FH new build contracts in the bulk carrier segment has been at 26.16 MDWT, while the geared segment, comprising Supramaxes and Handysizes, recorded average orders of 2.26 MDWT in FH 2026, compared to a combined FH average of 10.69 MDWT in the past 5 years. Although vessel deliveries remain steady and recycling limited, the impact on effective supply is partially softened by increased off-hire time due to drydocks, and loss of speed due to EEXI limitations.

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	Knot 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	-1.6 Knots

Vessels	Speed before EPL Application	Speed after EPL Application	Knot 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 every 1 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 fleetit would reduce the existing supply by 3.6% based on non-eco engine ships, and 250 days at sea.*

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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 including and prior 2012 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.

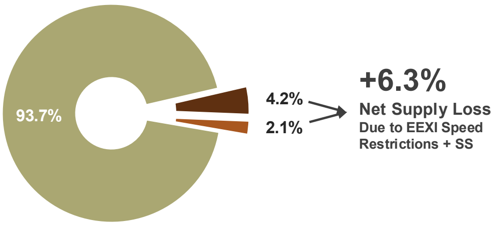
Special Surveys (SS) are quietly tightening the geared bulk fleet supply

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 56 vessels undergoing SS in Q2 and FH 2026. Average daily number of Supras/Ultras in SS averaged 67 vessels in Q2 and 71 vessels in the FH 2026. The supply of geared bulkers is estimated to have declined by 2.2% in 2025 and is projected to decline by 2.1% and 2.3% in 2026 and 2027, respectively, due to SS. In 2027, geared bulkers are expected to experience a 2.3% 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.

Reduction in Fleet Supply due to EEXI and SS in 2026

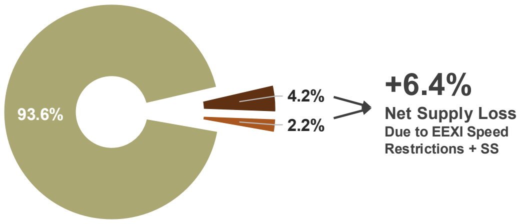
In Geared Fleet (10,000-69,999 DWT) – PSL Segment

Total World Fleet (mDWT)	395.8
Up to 2012 Built Fleet (mDWT)	190.7
Supply Reduction per 1 Knot	5.5%
Supply Reduction per 1.6 Knots*	8.8%
Effective Supply Loss from Speed (in mDWT)	16.8



In Overall Bulker Fleet

Total World Fleet (mDWT)	1,082.3
Up to 2012 Built Fleet (DWT)	520.4
Supply Reduction per 1 Knot	5.5%
Supply Reduction per 1.6 Knots*	8.8%
Effective Supply Loss from Speed (in mDWT)	45.8



▪ Speed Reduction Impact ▪ Special Survey Impact ▪ Remaining Fleet Capacity

Note: *This analysis is based on all geared dry bulk ships with non-eco engines built including and prior to 2012 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. In PSL's case, even though our fleet average age is younger than the global dry bulk fleet average, certain vessels within the fleet were still subjected to EPL, leading to a speed reduction of an average 1.6 knots.

Source: PSL internal analysis, Clarksons World Fleet Register as on 30 Jun 2026, Braemar Research as on 16 Jul 2026.

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'Markets in 2003-09, 2010-20, 2021-25, 2026 and beyond'

'Markets in 2003-09, 2010-20, 2021-25, 2026 and beyond'

Daily average Time Charter rate	2003 – 2009	2010 – 2020	2021-2025	FH 2026
Capesize	67,101*	14,924***	21,981**	29,494**
Panamax	32,793*	10,558***	17,587**	17,283**
Supramax	28,013*	10,765***	17,196**	14,917**
Handysize	18,753*	8,236***	16,401**	13,670**
Annual Average Demand Billion Ton -miles	+5.6%	+4.2%	+3.3%	+3.1%
Average Speed (knots)	13.5	11.7	11.0	10.8
Chinese Stimulus	China enters WTO 2001	$ 578 bn (2009)	$667 bn (2021) $2.3 tn^ (2022) $1.8 tn^(2023) $1.07 tn^^(2024) $1.7 tn^ (2025)	~$1.07 tn¹
Orderbook/Fleet Ratio per Year (start of each year)	25.88%	32.21%	6.48%	12.24%
Annual Average % of 20-year-old (start of each year)	16.84%	12.67%	6.76%	11.26%
Annual Average Net Supply Growth	+6.8%	+6.4%	+3.1%	+3.9%

The Future

At the start of 2022, for the first time this century, the 20+ year old fleet was larger than the forward order book and but at the start of Jul 2026, the 20+ year old fleet came below the forward order book at 12% versus 13.18%, respectively.

*Note: *BCI 172K (4TC), BPI 74K (4TC), BSI 52K (6TC), BHSI 28K (6TC). **BCI 180K (5TC), BPI 82K (5TC), BSI 58K (10TC), BHSI 38K (7TC).*
*. ***Combine of above two classification.*
^Bloomberg calculated Chinese stimulus at $ 5.3 trillion in 2022!, Bloomberg reported $1.8 trillion of construction stimuApr 2023, CNBC reported a plan of 2 trillion Yuan stimulus package, The Diplomat reported a Chinese Stimulus of$1.7 trillion in 2025.
^^ SCMP reported the total size of the China's stimulus package in 2024 is estimated to be about 7.5 trillion Yuan (exr.7 RMB/USD).
¹The ~US$1.07 tn figure aggregates various fiscal measures that together form China's 2026 stimuluseffort. The figure could rise as more policies get formally announced or scaled up throughout the year.

Source: Clarksons Index Timeseries 30 Jun 2026, Clarksons Speed Timeseries 30 Jun 2026, and Clarksons World Fleet Register as on 30 Jun 2026. Supply Growth from Clarksons Jun 2026 DBTO and Demand Growth from Clarksons World Seaborne Trade Time Series as on 30 Jun 2026.

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If you look at the time charter rates across 2003–2009, 2010–2020, 2021–2025 and now FH 2026, an interesting reversal is at play. Capesize rates in FH 2026 averaged $29,494/day, the second-highest period on record after 2003–2009 ($67,101/day) and well above both 2010–2020 ($14,924/day) and 2021–2025 ($21,981/day). Panamax, Supramax and Handysize, however, have softened slightly versus 2021–2025 levels ($17,283/day, $14,917/day and $13,670/day respectively), underlining that the current rally is very much Capesize-led rather than broad-based. Demand growth in tonne-miles has continued its gentle deceleration, from 5.6% in 2003–2009, to 4.2% in 2010–2020, to 3.3% in 2021–2025, and now 3.1% in FH 2026, and yet net supply growth has actually accelerated to 3.9% in FH 2026, its highest since the 2010–2020 period, meaning fleet growth is now outrunning tonne-mile demand. Yet PSL produced very good results in both 2021 and 2022. Average speeds having fallen steadily from 13.5 knots in 2003–2009 to 11.7 knots in 2010–2020, to 11.0 knots in 2021–2025, and now to 10.8 knots in FH 2026 reducing effective fleet capacity. Notably, the orderbook-to-fleet ratio has climbed to 13.18% at the start of July 2026 from 12.24% at the start of 2026, and for the first time since 2014, the 20-year-old fleet was 12% at start July when compared to 11.26% at the start of 2026, suggesting that a significant portion of scheduled deliveries could still be absorbed through replacement of ageing tonnage.

With annual net supply growth projected at 3.9% in 2026 its highest level since 2010–2020, effective capacity growth is nonetheless being tempered by regulations, supporting the potential for stronger market conditions ahead.

Despite that build-up in ordering, 2026 has so far been a strong year for bulkers, building on the momentum seen through 2025. Capesize earnings in FH 2026 averaged $29,494/day, comfortably above both the 2021–2025 average ($21,981/day) and the 2010–2020 average ($14,924/day), and second only to the exceptional 2003–2009 period. Much of this has been underpinned by continued geopolitical disruption, this time centred on the SoH "closure" from March, which triggered a sharp drop in transits. While the direct hit was to energy cargoes, the knock-on effects such as repositioning inefficiencies, a temporary coal demand boost linked to disrupted Middle East oil and gas flows, and improved macro sentiment following the June US-Iran agreement, have had a broadly supportive net impact on bulker demand, even as the release of "trapped" tonnage in the Gulf and the eventual unwinding of the coal demand boost remain factors to watch.

Capesize strength has been driven principally by the Simandou and Guinea ramp-up, with Guinean iron ore exports already exceeding 6 MMT YTD and a record 2.3 MMT shipped in May alone, on top of firm Australian and Brazilian volumes. Analysts at Kpler and Allied QuantumSea have gone as far as flagging 2026 as a potential peak year for Capesize earnings, with Q1 Capesize earnings averaging $22,902/day (+76% y-o-y) and FH earnings averaging nearly $29,494. That said, a wave of 79 Capesize newbuildings due in 2027, nearly double the 44 scheduled for 2026, is being flagged as a risk to monitor, with most analysts cautioning that Simandou's tonne-mile contribution won't be large enough to fully offset this incoming capacity until closer to 2030.

The sub-Cape segments have also had a better run than in 2025, helped by China's coal trade and a record grain season. Panamaxes carried 59.4% of China's coal imports from Indonesia between Jan-May, and despite Chinese seaborne coal imports falling roughly 6% y-o-y YTD, Panamax rates have held up well, priced competitively against Supramaxes on China-Indonesia round voyages. Grain has been the other pillar of sub-Cape strength, the seaborne grain trade indicator was up 13% y-o-y across Jan-May, powered by a record Brazilian harvest, resurgent Argentine exports, and a rebound in US soybean shipments to China following the late-2025 trade truce with US soybean exports to China up 67% y-o-y YTD.

Looking ahead, risks remain well distributed. Red Sea and Gulf of Aden security has continued to deteriorate rather than ease, with a bulk carrier reportedly attacked off Yemen on 5 July, keeping rerouting and related tonne-mile support intact for now. The Strait of Hormuz has also proven far more unpredictable than the June US-Iran memorandum of understanding had suggested, with Iran striking three commercial ships near Oman on 6-7 July and the US responding with fresh strikes, leaving the earlier assumption of gradual normalisation in Hormuz transits considerably less certain. Chinese demand remains the wildcard given elevated stockpiles and soft steel and property sector activity, while a developing El Niño, expected to peak in Q4 2026 and persist into 2027, could disrupt grain harvests in Australia and South America even as it boosts coal-fired cooling demand across East Asia. Taken together, with bulker demand growth currently projected at around 3.1% in 2026, remaining below fleet growth of approximately 3.9%, market balance may continue to be supported by off-hire time linked to special surveys and slower operating speeds due to CII/EEXI.

TC Earnings Across Segments – FH of Last 5 Years vs FH of 2026

TC Earnings Across Segments – FH of Last 5 Years vs FH 2026

5 Year Overview (FH 2021-2025):

Segment	Avg Earnings ($)	Peak ($)	Trough ($)
Capesize	21,981	86,953	2,246
Panamax	17,587	38,952	6,736
Supramax	17,196	39,860	5,575
Handysize	16,401	37,109	6,679

FH of 2026 Overview:

Segment	5-year FH Avg Earnings ($)	FH 2026 Avg Earnings ($)	% Change vs 5-year FH Avg.
Capesize	21,981	29,494	+34.2%
Panamax	17,587	17,283	-1.7%
Supramax	17,196	14,917	-13.2%
Handysize	16,401	13,670	-16.7%

Source: Clarksons Index Timeseries 2 Jul 2026.

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- For Capesize vessels, the average TC rate in FH 2026 was $29,494/day, comfortably above the 5-year FH average of $21,981/day (+34.2%), although still well below the 5-year peak of $86,953/day recorded during the post-pandemic market boom in October 2021. The Capesize earnings enjoyed greater earnings as robust long-haul iron ore exports from Australia and Brazil, continued growth in Guinea bauxite shipments to Asia, strengthening Asian iron ore demand, and relatively slow deliveries of Capesize newbuildings tightened vessel availability and supported freight rates. Panamax vessels averaged $17,283/day, broadly in line with the 5-year FH average of $17,587/day (-1.7%), benefiting from improving market sentiment as strength in the larger vessel classes filtered down to the mid-size segment, while robust grain demand following Brazil's record harvest and the delayed start to US grain exports further supported employment. Meanwhile, Supramax vessels earned $14,917/day, remaining 13.2% below the 5-year FH average of

$17,196/day, while Handysize vessels averaged $13,670/day, 16.7% below the historical average of $16,401/day. Although earnings in the geared sectors continued to trail their long-term averages, improvements in the larger vessel classes gradually spilled over into these segments during the second quarter. Overall, compared with FH 2025, the first half of 2026 marked a broad-based recovery in dry bulk earnings, led by the Capesize market and supported by strengthening demand fundamentals across the bulk commodity trades.

- The BDI extended its recovery during Q2 2026, averaging 2,750 points, up 88% y-o-y, as the strength seen in the first quarter continued into the second half of the reporting period. The market remained supported by tonne-mile demand growth exceeding effective fleet supply growth, aided by recovering coal trade and persistent vessel inefficiencies that restricted available capacity. Although a gradual reopening of the Strait of Hormuz could improve vessel utilisation, any sustained stabilisation may also create a short-term uplift in shipping demand as trade flows normalise. Current market expectations remain constructive for the remainder of 2026; however, recent geopolitical developments have once again demonstrated the sensitivity of dry bulk freight markets to disruptions beyond traditional supply-demand fundamentals. Consequently, developments surrounding the SoH, potential renewed congestion at the Panama Canal, and the risk of a super El Niño remain key factors to monitor over the balance of the year.

AIs, Data Centers, EVs:

- AI could pose an existential danger to humanity by enabling bioterrorists to create superweapons. America and China are the two countries that matter when it comes to AI. Both acknowledge the risks. But they should be doing more to agree on guardrails for fear of ceding an advantage in the race to AI supremacy.
- How easily could a malicious person with no scientific expertise but an axe to grind create, and spread a nasty pathogen? The bar is constantly being lowered. Advances in genetic sequencing have made recipes for biological agents widely available; gene editing tools such as CRISPR could theoretically transform innocuous bugs into something lethal; and the toolkits needed to assemble and grow dangerous proteins and viruses can be bought for a few hundred dollars online.
- Pope Leo XIV says control of AI must not remain in the hands "of a few" while warning that technology is fueling world conflicts, setting out his proposals in Magnifica Humanitas, the first major theological document of his pontificate.
- The choice of Anthropic for the encyclical unveiling reflects the ongoing tensions between the Chicago-born pope and US President Donald Trump, who has launched a series of criticisms against the pontiff for his stance on the Iran war. The Trump administration has taken a hands-off approach to AI regulation, with the president deciding to postpone signing an executive order ensuring government reviews of new AI models, including Anthropic's Mythos system.
- Pope Leo has already addressed the topic of AI several times during his year-long papacy, warning against "overly affectionate" chatbots, sending a message to tech execs meeting on AI in the Vatican and urging priests not to use AI when writing their homilies.
- The rapid advance of AI may also have been a factor in Leo XIV's choice of name. The pope pointed out that that his namesake, Leo XIII, was remembered as the pope of Catholic social teaching, the church's engagement with public life, during the time of the industrial revolution. Leo XIII wrote the landmark encyclical, "Rerum Novarum," in 1891, a

wide-ranging text addressing workers' rights, a fair wage and the right to private property. Pope Leo XIV signed his AI encyclical on 15 May 2026, on the same day that Rerum Novarum was released 135 years previously.

- Pope Leo is right to call for moral clarity and a serious, society-wide debate. But the conversation must move beyond exhortation toward concrete choices: antitrust action against the dominant platforms, public investments in human-complementary AI, regulation of surveillance and autonomous weapons, and meaningful rights for workers and citizens over the data on which these systems depend. Leo's intervention makes such a response a little more likely than it was before. But the rest of us must stand up for humanity, too.
- According to the UN report, annual power consumption from data centres is projected to double to 945 TWh by 2030, around the same as the whole of Japan, with AI accounting for 40% of the total.
- The EU is looking at tackling some of these issues as data centres' energy use risks slowing the bloc's clean energy transition, if fossil fuel plants are kept running longer or new ones are built to meet demand, and could push up power costs as grids come under strain.
- Data centers likely will consume twice as much power and water by 2030, UN researchers said.
- There are now more than 3,000 data centers operational in the US and more than 1,500 on the way, and the rate at which they're being built isn't stopping anytime soon. The 7 things to know about AI data centers are: they consume more power than an entire state like Utah; regular electricity consumers end up sharing and paying for such extreme consumption; besides electricity they consume and evaporate the water that they use for cooling and create a relentless low-frequency hum that researchers have linked to sleep loss, chronic stress, and higher blood pressure; taxpayers are often footing the cost for the incentives used to lure these projects in; Harvard researchers found that a single gas-and-diesel-powered facility in Loudoun County, Virginia, could cause 3.4 to 6.5 premature deaths a year and up to $99 million in annual health damage; data centers are converting prime farmland that, once paved, rarely returns to agriculture, while bidding up land prices far beyond what crops could ever justify; and finally, the current administration has made its loyalties clear in favor of these companies and not the 7 in 10 Americans who don't want these data centers anywhere near their homes.
- About $3trn will go into AI data centres globally over the next four years, according to one estimate. Much of that is earmarked for America, where people of all political stripes are furious about it. Opposition to the ugly infrastructure is shaping elections and threatening the AI boom.
- UN Secretary-General Antonio Guterres launched a transparency initiative for data centres, urging major artificial intelligence companies to measure and publicly disclose their water, carbon, and land use impacts and commit to powering all data centres with renewable energy by 2030.
- French oil major TotalEnergies must disclose the climate risks linked to emissions from its oil and gas products and set out plans to mitigate them, a Paris court ruled.
- More than 1,000 schools closed or were partially closed in Britain as temperatures in some classrooms climbed to over 40 degrees Celsius, and authorities worry about extreme heat on treeless playgrounds, with the end of term still a few weeks away for many.
- The heatwave that has killed dozens of people and made life unbearable in Europe is all the worse because most homes not only lack air conditioning, they are built to retain heat.

Outside, it is melting roads in Germany and twisting train tracks in Sweden. Germany and Italy are sweltering as the hot weather moves east.

- The Balkans felt the impact of the record-breaking heatwave that has caused hundreds of excess deaths and disrupted daily life across the continent for more than a week
- Belden Brick Company in Sugarcreek Ohio, said its electricity costs surged 90% last year, largely because of growing power demand from data centers in the region. The 141-year-old brick manufacturer said the increase was driven mainly by a monthly capacity charge that jumped from about $1,600 to $12,000.
- Dozens of planned gas-fired plants intended to supply data centers directly could emit as much greenhouse gas annually as Australia or France, according to a report by the Environmental Integrity Project. The group reviewed 74 proposed or planned projects that would provide electricity directly to data centers, bypassing the traditional process of connecting to the US electric grid. Together, the projects are expected to generate 143 gigawatts of electricity and could produce 662 million tons per year of greenhouse gas emissions.
- xAI has installed 59 natural gas turbines, about double what the company has publicly acknowledged, for a data center project. The turbines are part of a battle over whether the AI boom is adding disproportionate pollution burdens to communities of color.
- New York has become the first US state to stop construction of large new data centers, imposing a one-year moratorium due to growing concerns over power costs, water supplies and the burden on local communities.
- The value of AI-linked firms has climbed $27 trillion in the past three years, an astonishing amount, equivalent to 36% of the value of the entire US stock market today. The Magnificent Seven—Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia, and Tesla—now account for one-third of the value of the Standard & Poor’s 500.
- The US and China are planning to hold talks over AI in September, five sources familiar with the matter said, as the superpowers confront how to regulate the risks posed by their increasingly powerful rival frontier models.
- Over the past year, dim, windowless, gargantuan warehouses have taken center stage in rural Michigan. The data centers draw ire for consuming vast energy resources to fuel an artificial intelligence boom viewed with increased skepticism. They have spiked utility bills, guzzled the region’s fresh water, occupied large tracts of land, and emitted a hum so constant that some residents have sued over excessive noise.

Urbanization:

Urbanization remains a rising global trend, and the picture has just been redrawn: the United Nation’s latest World Urbanization Prospects 2025 report (its first update in over six years) shows the world is now 45% urban, more than double the 20% share of 1950, out of a global population of 8.2 billion. The UN summarizes the findings in its World Urbanization Prospects 2025: Ten Key Messages, highlighting the scale, geographic concentration and future trajectory of global urban growth. By 2050, two-thirds of all further population growth is projected to occur in cities, with most of the balance in towns. North America and the EU remain far more urbanized than the global average, while India is expected to stay below 50% urban by 2050. The number of megacities has quadrupled since 1975, from 8 to 33 today, with Jakarta now the world’s most populous city, followed by Dhaka and Tokyo, though more people worldwide still live in small and medium-sized cities than in megacities, and it is these smaller cities, especially across Africa and Asia, that are growing fastest. Just as relevant for our business is the parallel rise of the single-person household: its global share is projected to reach 35% by 2050, up from 28% in 2018, with the Nordics and Japan already past 40-50%

and Asia-Pacific now the fastest-growing region for solo living. As before, what happens in Scandinavia happens in the rest of the world a couple of decades later, and urban dwellers living alone will increasingly need their own white goods, furniture and transport, all requiring steel, cement, wood and other minor bulk raw materials moved by sea. In conclusion, as urbanization increases and more people live in smaller single-person homes, the demand for housing, infrastructure and consumer goods rises, driving higher ton-mile demand for dry bulk commodities.

Inequality:

- Inequality remains one of the defining features of the global economy. Oxfam's report, released at Davos in January 2026, found that billionaire wealth hit a record USD 18.3 trillion in 2025, growing three times faster than the average of the previous five years, with the world's twelve richest individuals alone holding more wealth than the poorest half of humanity, over four billion people. The Iran war has sharpened this divide further: oil and gas majors have earned upwards of USD 30 million an hour in extra profits since the conflict began, even as ordinary consumers everywhere absorbed higher fuel and food costs. As always, it matters little whether one lives in the world's richest country or its poorest; it is the poorer sections of humanity that are hurt most by such dislocations. One of the UN's Sustainable Development Goals is to lift people out of poverty, and this has happened in China to a very large extent, where meat consumption has skyrocketed as more people move from a largely vegetarian diet to one rich in white and red meat. Dry bulk ships carry the animal feed ingredients that feed this transition, with up to 6 kilos of grain required per kilo of red meat produced. As the burgeoning middle class in emerging economies settles into a more carnivorous, wasteful lifestyle, demand for dry bulk ships carrying grain keeps climbing — hence a larger and ever-growing global middle class, however despite the uneven distribution of global wealth, the continued expansion of the middle class as rising incomes support greater consumption and, consequently, increased demand for dry bulk commodities.
- At the International Grains Council (IGC) Conference in London on 9 June, the US Soybean Export Council highlighted expanding soybean demand in emerging markets, with **increased consumption linked to rising populations, GDP growth and shifting diets**. Indeed, recent growth in Brazil's soybean exports has been focused on mostly developing economies in South Asia, North Africa, and Southeast Asia, as well as Turkey and the EU. (Braemar, 23 Jun 26)
- Few business leaders have been as deeply embedded in popular culture as Elon Musk, the ambitious entrepreneur who has become a central figure in internet culture and amassed a fortune that has made him the world's first trillionaire.
- Global reaction to SpaceX's public listing has spanned investor euphoria to admiration among fans and sharp criticism from politicians and members of the public who see him as a symbol of rising global inequality.
- A report from UNICEF said children were "disproportionately affected" by a range of intensifying climate-related risks. As many as 662 million children were at risk from tropical storms, 337 million from riverine floods and 33 million from coastal floods, with 1 billion children also exposed to malaria, mostly in Africa. In 2024, 242 million children in 85 countries saw their schooling disrupted by climate hazards.

- US President Donald Trump reported more than $1.4 billion in income from his family's crypto ventures last year, showing how Trump now derives most of his income from digital assets.
- 56,000 of the wealthiest adults on the planet, a group that could fit inside a single football stadium, own three times more wealth than the poorest half of humanity combined, according to the World Inequality Report 2026; the top 1% alone controls 37% of all global wealth.
- Global personal wealth rose 10.8% in 2025, the fastest pace since 2017, with nearly one million new millionaires created, the UBS Global Wealth Report 2026 found, yet median wealth actually declined in most of the 56 markets tracked, even as the headline average surged, and US dollar billionaires grew 13.1% to 3,302.
- 64% of Americans say the wealth gap between rich and poor is too large, and 68% now support a billionaire minimum tax, including 50% of Republicans, the US top 1% now holds 30% of household wealth, near Gilded Age peaks, while the bottom 50% hold just 2.5%.
- Shell's net profit more than doubled from last year to $9.84 billion in the second quarter, beating expectations, helped by higher energy prices and stellar refining margins since the start of the Middle East conflict.

Inflation:

The war between the US/Israel and Iran, and the resulting closure of the SoH, has been the single biggest driver of global inflation in 2026. Brent crude surged over 50% at its peak, touching more than USD 126 a barrel by end-April, before falling back below USD 71 a barrel by early July as ceasefire hopes solidified; the IEA has called the disruption the largest supply shock the global oil market has ever witnessed. The OECD warned in March 2026 that US headline inflation could hit 4.2% for the year on the back of this shock, while the IMF's July update showed its own reference forecast for global inflation rising to 4.7% in 2026 (up from 4.1% in 2025), a clear reversal of the gently declining path it had projected earlier. For dry bulk owners this cuts two ways: higher bunker costs directly raise operating expenses, while the broader inflationary drag on consumer spending in major economies can, over time, dampen demand for the finished goods, and therefore the raw materials that our ships carry. The silver lining is that, as of early July 2026, oil prices have fallen back close to pre-war levels, suggesting at least part of this year's inflationary shock may prove transitory However, the recent breakdown of the ceasefire and renewed hostilities have once again raised the risk of further disruption to energy markets and renewed inflationary pressure.

Corruption:

- Transparency International's Corruption Perceptions Index 2025, released in February 2026, showed the global average score falling to a new low of 42 out of 100, the first such decline in over a decade, with more than two-thirds of the 182 countries assessed scoring below 50. Thailand scored 33/100, ranking 116th, down one place from 2024 and its lowest score in nearly two decades, a decline partly attributed to the fallout from the 2025 State Audit Office building collapse, which exposed serious weaknesses in public sector oversight. Against this backdrop, PSL's own governance record stands out: we have been recognized as a company with "Excellent" Corporate Governance for 16 consecutive years (2010-2025) by Thailand's Institute of Directors and have maintained continuous membership of Thailand's Collective Action Against Corruption (CAC) programme since 2018. The Iran war has also put a spotlight on a less visible form of corruption: reports suggest over USD 500 million in oil futures bets were placed just minutes before President Trump's announcements on ceasefire progress, hinting at insider trading, while campaigners have long noted that the global arms trade, inflated by the current conflict, accounts for a disproportionate 40% of all global trade-related corruption despite representing only 0.5% of global trade. In an industry as globally exposed as shipping, maintaining robust anti-corruption practices remains as important as ever.

- Corrupt Iraqi oil officials have been sanctioned for enabling roughly $1 billion a year in Iranian oil smuggling, providing forged paperwork so Iranian crude could be blended with and marketed as Iraqi oil in exchange for millions of dollars in kickbacks.

Sanctions:

- 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 US, UK, and the EU, 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 creates far more (un)intended consequences, and yet, do not stop the 'perpetrator' country.
- For the EU and others to 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 EU legislation forbidding the P&I Clubs from insuring such ships, makes it ironic.
- 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. When they reach the end of their 'useful' lives, and as they cannot be recycled, they are abandoned, these ships become an accident waiting to happen for littoral states where their rotting hulls lie, falling to pieces, bit by rusting bit.
- The real threat to maritime safety and security comes from the dark fleet. We have around 1,500 dark-fleet tankers now, and they're completely doing their own thing at great risks to international safety. If [the dark fleet] can operate with impunity, it will only increase their numbers. If you have a portion of the world's fleet that is not following the rules, that is highly detrimental to the rest of the world's fleet. The only message is let's all try to play by the same rules and put pressure on those that are in power to enforce that to try to get that done.
- Britain will allow imports of diesel and jet fuel refined abroad from Russian crude under a sanction carve-out, watering down restrictions to help ensure supply at home as prices soar due to the conflict in the Middle East. While Britain's support for Ukraine remains steadfast, junior treasury minister Dan Tomlinson said, he added that the national interest

had to come first and therefore a loosening of certain sanctions on some Russian products for now made sense.

- New Hampshire senator Jeanne Shaheen, a Democrat accused President Trump of giving his Russian counterpart, Vladimir Putin, “a lifeline” and a “windfall of cash” by providing waivers on Russian oil sanctions in March. (TradeWinds, 3 Jun 26)
- For all the EU’s persistence, the pattern remains the same: incremental steps, limited impact, and a sanctions regime still struggling to keep pace with the world it is trying to shape. (Lloyd’s List, op-ed, 11 Jun 26)
- Russia’s shadow fleet is no longer a murky workaround to sanctions; it is evolving into a parallel maritime system. Russia will not absorb the entire shadow fleet, only the portion that meets minimum standards. This is a quality filter, not a free for all. Nearly a third of tankers crossing the Baltic now carry certificates from Russian or Russian linked insurers, signalling a structural shift away from the International Group system. Europe’s officials openly acknowledge that seizing a vessel flying the Russian flag would be far riskier, raising the spectre of diplomatic or even military confrontation. Moscow, for its part, rejects the very concept of a “shadow fleet” and threatens to respond to what it calls “acts of piracy”. (Lloyd’s List, op-ed, 23 Jun 26)
- The US waived sanctions on Iran for 60 days after the first talks under a nascent peace deal signed in June, with President Donald Trump saying he will "do what I have to do" if Iran does not stick to its side of the agreement.
- On 22 June, America’s Treasury Department upended four decades of policy and waived sanctions on Iranian oil for 60 days. America wants to keep negotiations alive and SoH open. The Economist explains why the move so far looks ineffective from America’s perspective, and like a blessing for Iran.
- Every new sanction enforcement measure is generating a countermeasure. Europe’s sanctions campaign is undoubtedly making life harder for Russia’s shadow fleet. But it is also reshaping it, driving operators towards new flags, new legal structures, and new routes. As ever with sanctions, pressure creates adaptation. The question is whether Europe can keep pace with the consequences of its own success. (Lloyd’s List, op-ed, 13 Jul 26)
- The sanctioned, 159,168 dwt tanker Caroline Bezengi, the 2001-built ship has developed breaches, an increasing list and oil contamination within ballast and double-hull spaces. Satellite imagery already appears to show leakage in the surrounding cove. A salvage plan would transfer the cargo through a 500-metre pipeline to another tanker, but delays caused by absent owners and legal uncertainty risk allowing the vessel to break apart, threatening whales, turtles, seabirds, and the Dhofar coast. (Splash, 22 Jul 26)
- The EU has watered down its latest package of sanctions by allowing continued shipments of Russian LNG to countries outside of the bloc. The waiver also applies to technical assistance, brokering services or financing related to the transfer of Russian LNG to third countries outside of the bloc, said the EU text. George Procopiou’s private Dynagas operation was cited by the Greek ambassador to the EU as the reason it could not back the original measures.

The IMO and Regulations:

During MEPC 84 the coalition against the NZF was largely unchanged, as were the group of countries in support of it. However, many of the parties recognised that a compromise would be needed, though many who supported the framework felt there was little scope to "water" it down. Opponents of the NZF were concerned that it was unrealistic and relied on fuels which are not yet available at scale, leading to higher shipping costs and a risk of non-compliance due to infrastructure and capacity issues. The concept of the NZF fund; its associated economic burden; uncertainty around revenue use; governance; and its legal basis, also created friction between member States. Negotiations will continue at two intersessional working groups during 2026. In any case, the earliest NZF can enter into force is 2029 if adopted at MEPC85 in December this year, which also looks like an uphill battle. Even if an amended version of the NZF is approved, the US may still threaten sanctions on anyone enforcing it against US interests. So, for shipowners the wait for regulatory certainty goes on. Yet despite this, newbuilding investment remains high, and the IMOs delay appears to have encouraged many owners to simply invest in conventionally fuelled ships. (Gibsons, Back on Track, 29 May 26)

Climate Change:

- India is experiencing more frequent heatwaves across its eastern coast, parts of the Himalayan foothills, and the western states of Maharashtra and Gujarat.
- Italian firefighters were battling to put out a large forest fire in Tuscany that has burned for days fanned by strong winds, forcing the evacuation of around 3,000 people over the weekend.
- At least 18 people have died across Kenya after heavy rains triggered flooding and landslides in several regions.
- Heavy rains that hit northeastern Brazil over 9/10 May have killed six people and displaced thousands.
- Climate change has driven record-breaking outbreaks of fire in Africa, Asia and elsewhere from January to April this year, causing unprecedented levels of damage, according to data compiled by World Weather Attribution. Scientists warn that conditions are expected to get worse as the northern hemisphere summer approaches and El Nino weather patterns kick in.
- After years of drought that left large swathes of Iraq's historic marshes cracked and empty, rising water levels are beginning to revive the wetlands, drawing buffalo herders and fishermen back to areas once abandoned.
- Storms whipped across the Indian state of Uttar Pradesh, killing at least 111 people.
- The likelihood of the El Nino weather phenomenon developing during May-July 2026 is at 82% the US Climate Prediction Center said. El Nino results in unusually warmer water temperatures, raising the chance of floods and drought, which can hit crops.
- Climate change refers to long-term shifts in temperatures and weather patterns. Human activities have been the main driver of climate change, primarily due to the burning of fossil fuels like coal, oil and gas.
- For a better understanding of what a super El Nino can do, please watch this 16-minute video.
- Average global temperatures are forecast to reach near-record levels in the next five years, with Arctic temperatures expected to warm faster than other regions, a report by the UN weather agency and the UK's Met said.

- Many of Asia's largest cities are already gripped by above-normal temperatures that are prompting widespread use of power-hungry air conditioners weeks ahead of the usual peak in summer thermometer readings across the region. Stepped-up competition for power-generating fuels by Asian utilities could ignite fresh strength in global coal and gas markets.
- The El Nino weather pattern is forming and is expected to cause extreme weather around the world this year, the WMO said. Scientists say climate change will make its impact especially severe.
- In France, seven people have died directly or indirectly due to the heatwave, Junior Energy Minister Maud Bregeon said on May 26, which was the hottest May day ever recorded in the country.
- In Portugal, midsummer-like heat is already baking parts of the country, as army units and forestry agents rush to clear woody debris left by severe storms earlier this year ahead of the summer wildfire season.
- Thousands of households in southeast England were left without water or facing low pressure during the record heat.
- Wildfire season has returned to Canada's oil sands region amid recent heat.
- From India's grain-producing northwestern plains to Australia's eastern wheat belt, and from Thailand's rice fields to Indonesia's vast palm oil plantations, hot weather and below-normal rains are hurting crops and forcing farmers to reduce planting, farmers, analysts and traders said.
- India is forecast to receive in June 92% of rainfall as a share of the long-period average, the weather office said last month, signalling below-average monsoon rains.
- Australia's weather bureau warned on Tuesday, 16 May, that an El Nino weather pattern has formed in the tropical Pacific and could intensify in the SH of 2026 to become one of the strongest in seven decades. Forecasters expect the stronger weather event to bring excessive rains to the Americas and hot, dry conditions in Asia where crop planting is already being disrupted, raising concerns about food supplies in the world's most populous region.
- China warned communities in its northwestern Xinjiang and nearby regions on Friday to prepare for "extreme floods" this summer, driven by abnormally high temperatures, heavy rainfall, and rapid glacier melt.
- The water level of Hungary's third-largest lake is expected to drop to near historic lows this summer due to climate change and decades of water mismanagement, threatening its ecosystem and tourism industry, experts and locals said.
- At least 58 Tapanuli orangutans, which are endemic to an area around Indonesia's north Sumatra's Batang Toru forest, were killed in the nation’s deadly floods and landslides last year.
- The world has just experienced the second-hottest May since records began. The average global temperature last month was 1.42 degrees Celsius above the average in 19th-century pre-industrial times.
- Crop yields in Malaysia could fall by 8% due to the El Nino weather pattern, which is expected to bring hot-dry weather across Asia from this month.
- French weather service Meteo-France said it had extended its orange heatwave alert across France starting on 19 June at noon. Temperatures are expected to rise further next week, close to 8 degrees Celsius (46.4 degrees Fahrenheit) above seasonal norms in the low 30s on 22 June, likely boosting demand for cooling.

- Spain is bracing for the first heatwave of the season, with the risk of fire forecast to rise sharply from 21 June, particularly across northern interior zones.
- It took $11 billion to get SunZia, the biggest ever clean energy infrastructure project in US history, which took nearly 20 years to permit and build, up and running.
- A high-pressure “heat dome” over Europe will be felt most intensely in parts of France, Spain, England and Wales, where temperatures are expected to reach or exceed 40 degrees Celsius.
- France recorded its hottest day ever yesterday and reported at least 40 deaths from drowning. Most of the victims were young people seeking a reprieve in unsupervised lakes and canals. The most intense conditions are forecast across swaths of Britain, France and Spain, where temperatures could reach or exceed 40 degrees Celsius. Andorra, Austria, Belgium, Germany, Luxembourg, Slovenia and Switzerland are also under top-level heat warnings. The searing temperatures are drawing comparisons to 2003, when a deadly heat wave caused 70,000 deaths and set off a European reckoning. This week will test the continent’s response.
- The world has dealt with these events for eons. But El Niños are now playing out across a hotter planet with more moisture in the air. That means a potential for heavier downpours, stronger droughts and, above all, hotter temperatures.
- Spain and Italy reported deaths from heat exposure, and Britain recorded its hottest day ever. Belgians found creative ways to escape the heat. Temperatures are expected to start easing today.
- A severe heatwave has gripped much of Europe since 20/21 June, with temperatures nearing 40 C, prompting nationwide warnings, transport disruption and signs of strain on wildlife and at tourist hotspots.
- The US accounted for about a third of the rise in global CO2 emissions in 2025, as higher gas prices pushed power producers back to coal, an Energy Institute report showed on Tuesday. US coal consumption jumped 10% last year, reversing a shift towards cleaner fuels and helping to lift overall emissions.
- Extreme heat will greet fans and players this week (29 Jun-5 Jul) at the World Cup, as a weather phenomenon known as a heat dome, a large area of high pressure that traps heat and humidity, could lead to dangerously high temperatures, with heat indices set to hit 40-43 degrees Celsius in parts of the Midwest and East Coast, according to the US National Weather Service.
- England is suffering from its third heatwave in three months. The most effective way to acclimatize is exposure therapy. You must endure the heat to get used to the heat.
- A climate-focused episode of On Assignment, where host Jonah Green speaks with data journalist Ben Welsh, who built Reuters’ new Climate Monitor to measure just how unusual this moment really is. Check out the Climate Monitor to compare today’s temperatures to historical norms.
- Japan’s electricity prices extended gains as an intensifying heat wave pushed cooling demand higher, with a commercial forecaster warning parts of the country could hit 40C for the first time this summer.
- Temperatures were set to soar again in France and Spain in a fourth heatwave of the summer, increasing the threat from wildfires that have scorched through forests and killed wildlife.
- France, Spain, and Greece battled major wildfires as soaring temperatures, parched vegetation and powerful winds extended a summer of deadly fires, mass evacuations and mounting disruption across Europe.

- A Kumamoto official warned of the risk of heat stroke with temperatures that were forecast to reach close to 40 C on 1-2 August. Kumamoto is currently 34 C which is 4.1 C above its historical average.
- Scuttled German World War Two warships have re-emerged from the Danube in drought-hit Europe as water levels drop. It follows another unusual find in the river earlier this week (26/31 July), the remains of an ancient mammoth.
- In Africa, forecasters are warning that the El Niño weather pattern, which often drives severe droughts, flooding and storms in Africa, could turn into one of the strongest ever seen if current Pacific Ocean warming trends continue.
- A story on Lake Brenets, a long, winding lake on the Swiss-French border, is now all but drained.
- China’s coal derived power so far this year fell to 49.7%, marking the first time it dropped below 50%, that share was down from 65.5% in 2016. China has been promoting the use of renewable energy.

Wars:

- Pope Leo said that the “just war” theory, a four-pronged Christian doctrine stating what conditions justify war, is “now outdated,” saying that military force can only be used for “self-defense in the strictest sense.” His opposition to Just War follows remarks by JD Vance that the pope “be careful when he talks about matters of theology” after the Catholic spiritual leader fiercely criticized joint US-Israeli strikes on Iran and rebuked world leaders for invoking religious language to rationalize war.
- Delivering a special address at the 23rd Shangri-La Dialogue (SLD) on May 30, the Timor-Leste President pointed out that when nations race to raise their defence spending, they struggle to spend the same on factors that may prevent conflict. Two concepts, rules and trust, had featured prominently the night before in the keynote address by Vietnamese President To Lam, as he called for nations to address what he described as a deepening crisis of strategic trust. “The SLD should remain a platform where nations listen carefully to one another, clarify intentions, seek common ground and manage differences, not merely one for restating positions,” he said.

Tariffs & Trade:

- The USTR has proposed new tariffs on imports from 60 countries. 10% tariff rates would apply to Canada, Ecuador, the EU, Indonesia, Mexico, Pakistan, Argentina, Bangladesh, Cambodia, El Salvador, Guatemala, Malaysia, Taiwan, as well as the UK. All other investigated economies would face a proposed tariff rate of 12.5%, including China, Singapore, Japan, South Korea, Vietnam, Thailand, India, Saudi Arabia, and the UAE. The USTR is seeking public comments on product coverage, exemption categories, tariff levels, and the design of the textile mechanism before making a final determination. (TradeWinds, 3 Jun 26)
- "Tariff" is famously Trump's favorite word, and the US president’s continued use of it unleashed fear across markets last year as his administration unilaterally imposed the most protectionist set of trade policies since the 1930s. But the bark was far worse than the bite.

- Generic drug manufacturers will have two years to move production to the US or face a 100% import duty from August 2028, President Donald Trump said in a social media post Tuesday. That levy would then double a year later, to 200%, in August 2029.
- They are back. Donald Trump’s beloved tariffs, largely knocked down by the Supreme Court this winter, are gradually being revived. In recent days he has announced levies against Brazil and Canada, invoking old trade provisions to back them up. These ones may survive the courts. But they may not make it through price-weary voters.
- The US will collect duties of between 10-12.5% on imports from most major trading partners, its biggest move yet to reconstruct President Donald Trump’s tariff wall that was pierced by the Supreme Court. The new levies follow an investigation into the alleged failure of around 60 economies to prevent ‘forced labor’ in their supply chains to the detriment of American workers.

Annex: The Cape Rally Has Room to Run

Arrow to the point

11 May 2026

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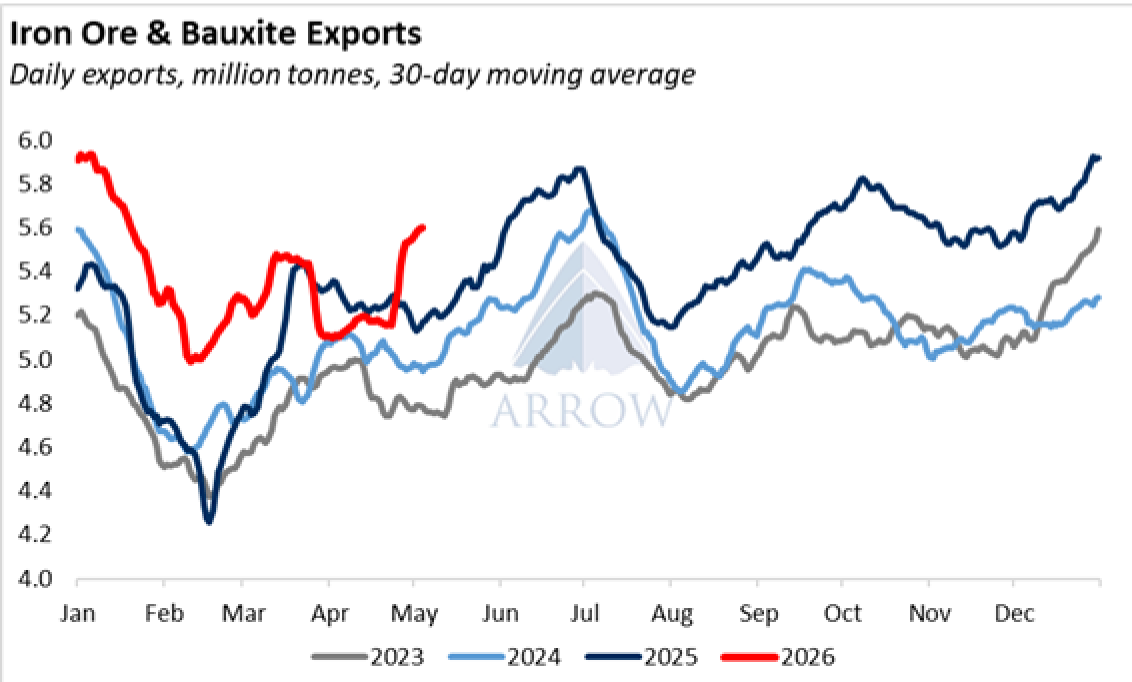
The Cape Rally Has Room to Run
It has been a while since we last published *Arrow to the Point*, and we thought it would be a good time to resume with a note on the Capesize market.

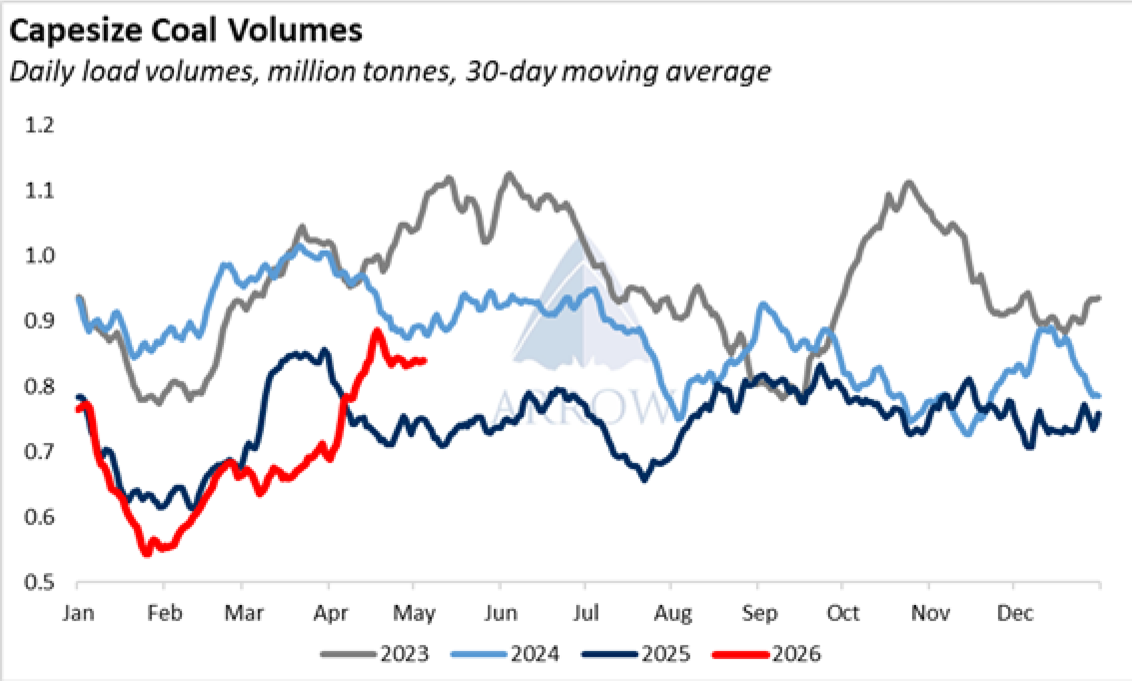
The Capesize market has had the strongest start to the year since 2010, with the index averaging over $29k year-to-date. We expect this strength to continue over the coming months, supported by a number of emerging factors that we examine in this report.

Current Status
Fleet growth is running at 1%, congestion is around the same as last year and higher bunker prices are weighing on speeds. Taken together, this all means effective fleet growth is flat.

It's demand side which has seen major growth, with year-to-date iron ore exports up 4% and bauxite exports up 18% – the pace of which has accelerated over the past few weeks. Interestingly, iron ore prices have rallied to $110/mt even with record supply.

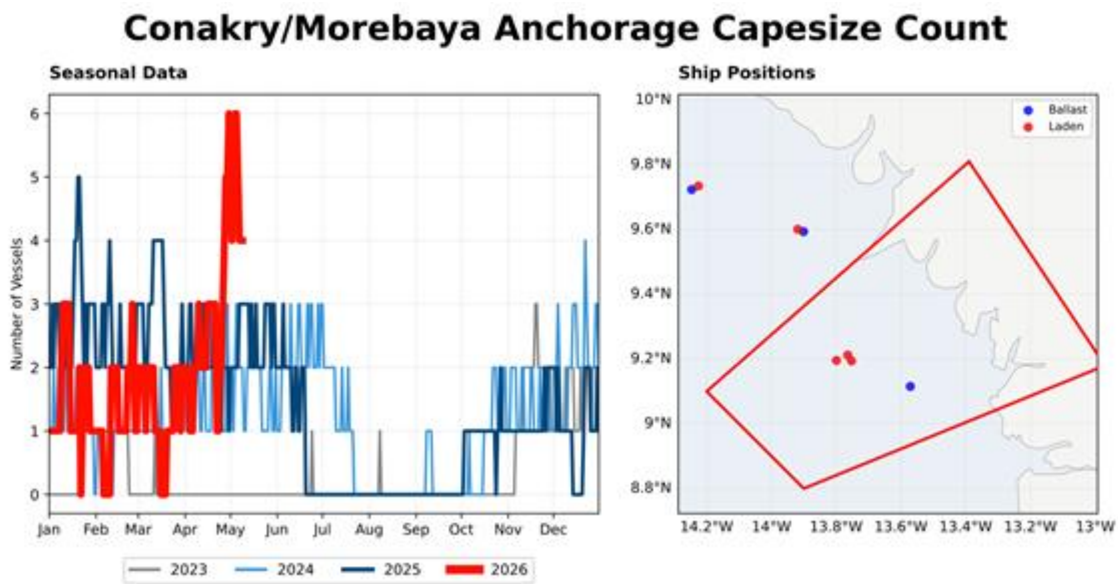


Capesize coal volumes have also jumped over the past month. Australian volumes into India and the Far East are driving this.



Looking Ahead

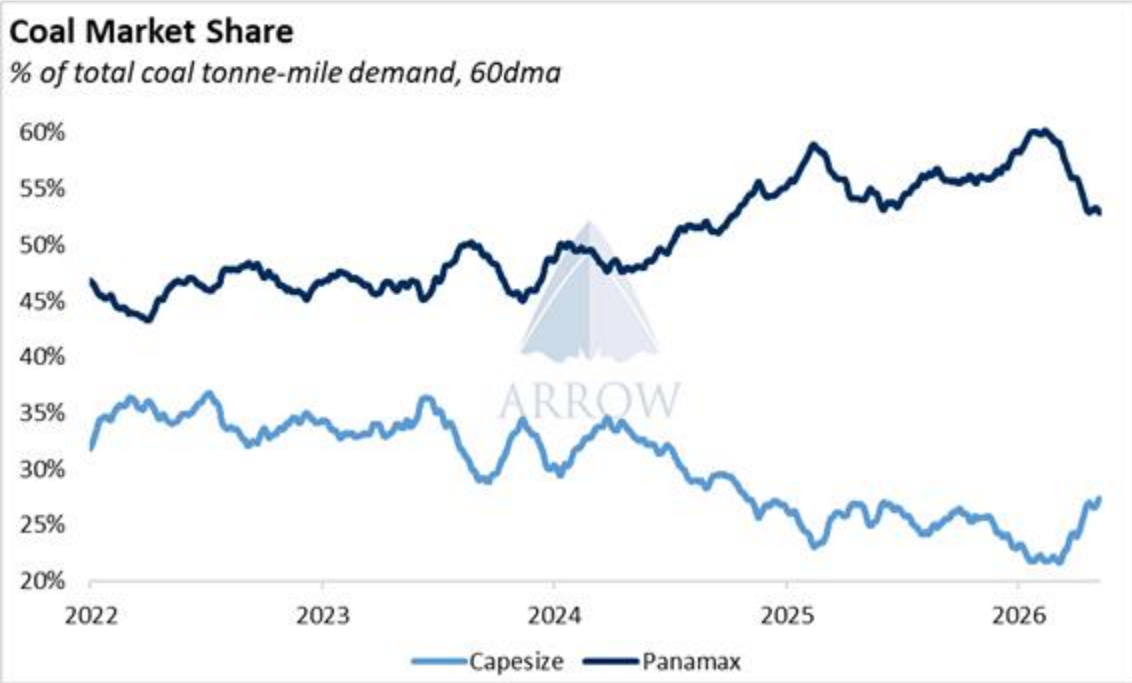
Simandou
A few interesting things have recently caught our eye, the first of which is a jump in the number of vessels waiting outside of Morebaya port, loading Simandou cargoes.



This may hint at a step-change in export volumes – it's too early for a definitive view, but it's something to closely monitor.

Turnaround times have been fairly fast at Simandou so far, but we think congestion is likely to pick up once volumes start to ramp up more meaningfully in the coming quarters.

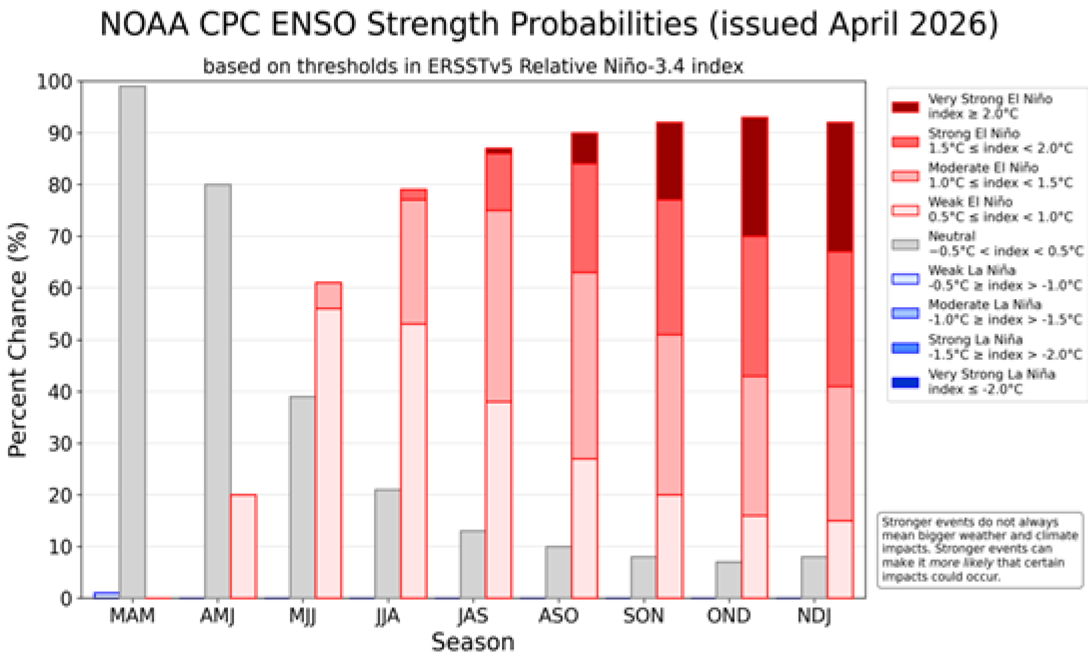
Coal
Not only are coal volumes rising off the back of the LNG supply crunch, but the Capesize share of these volumes is also picking up.



With iron ore and bauxite so strong, the missing element for Capes has been coal – and we are seeing some signs of a reversal.

El Nino

The latest NOAA forecasts are striking, with a 50% probability of a strong or very strong El Niño event during Q4. The last strong El Nino event in 2015/16 resulted in drought conditions in Eastern Australia and Northern Brazil, which supported mining operations – the same could repeat during Q4 this year.



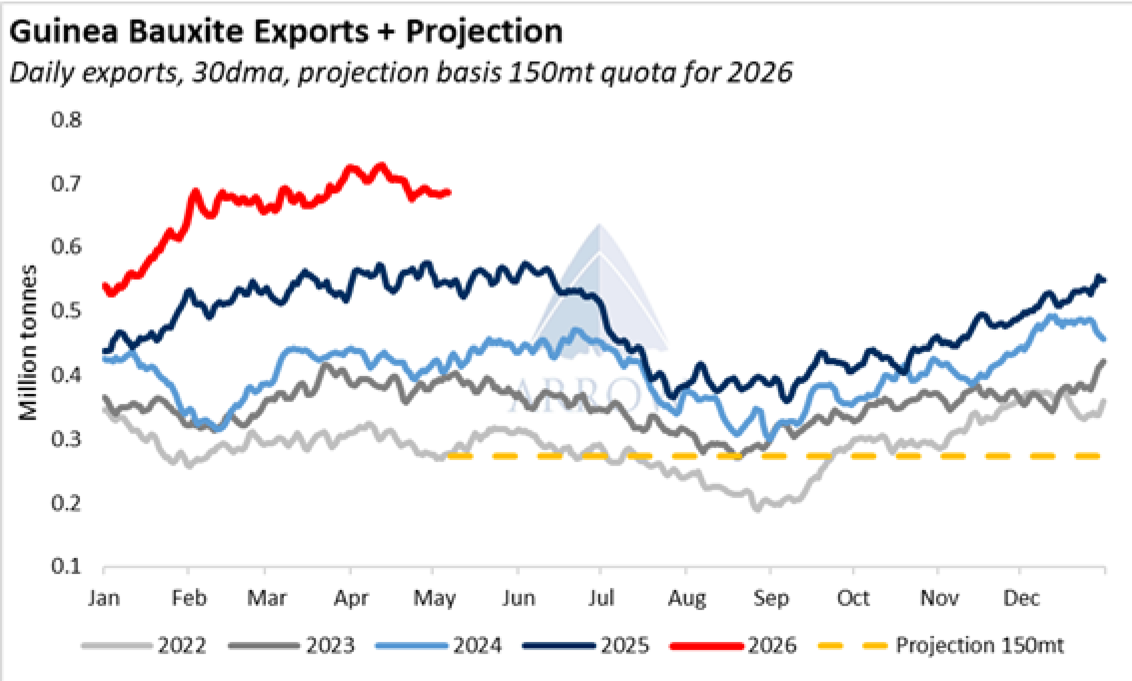
We believe that usually talk about La Nina / El Nino is overstated, as the overall impact is typically very small (see our 2024 report *La Niña - Storm In A Teacup)* – however the forecasted strength of this cycle has caught our attention.

Key Risks

Despite talk of export quotas in Guinea, bauxite volumes have remained exceptional, though risks are building. Government officials have discussed export quotas to support miners facing low prices, but no firm measures have been introduced.

Since then, bauxite prices have risen by more than 10%, which can be read in two ways: either the market is pricing in potential supply restrictions, or demand has strengthened enough to support healthier prices thereby reducing the need for government intervention. We expect it's largely the former, and therefore see Capesize demand risks if bauxite prices drop back and the government steps in.

There has been market chatter of 150mt being the export quota, but we think this is unlikely. We are already a third into 2026, yet bauxite exports are over 86mt so far, which would imply an incredibly restrictive export policy for the balance of the year, sending volumes back to 2022 levels.170mt-190mt looks to be a more feasible range if the government decides to step in.



The other key risk factor is the potential for a macroeconomic slowdown stemming from the conflict in the Middle East, ultimately weighing on commodity demand. So far, markets appear to be pricing in a relatively swift resolution to the conflict and, together with repeated efforts by governments to calm markets, this has capped the rise in oil prices at around $120 per barrel.

Frankly, we are somewhat surprised by how sanguine markets remain regarding the upside risks to oil prices. The Strait has now been shut for 11 weeks, resulting in what is arguably the largest oil supply shock in modern history, yet Brent crude has averaged only around $101 per barrel since the conflict began. Compared to previous oil shocks, this remains relatively modest, and we believe the upside risks to oil prices remain significant, with the probability of a sharper move higher increasing with every additional week the Strait remains closed.

In fact, we view this as the single biggest risk to our broader outlook. A sharp and prolonged increase in oil prices would eventually lead to demand destruction, weighing on commodity consumption and broader industrial activity. However, this process would likely take time to fully materialise, as higher energy prices would need to feed through into inflation, consumer spending and ultimately raw material demand over several quarters.

As such, our base case remains that the impact on the Capesize market in 2026 is likely to be limited unless the resulting economic slowdown proves particularly severe.

The Bottom Line
We remain positive for the Capesize segment over the balance of the year. Supply side conditions remain supportive, with effective fleet growth close to flat, while demand has strengthened across iron ore, bauxite and, more recently, coal. The early signs of higher Simandou activity and potential weather-related support from El Niño are further positive developments.

Although a highly restrictive export quota looks unlikely, any move to curb volumes would pose a clear downside risk to Capesize demand. While not our base case, a severe macro-economic slowdown is another risk. But for now, volumes remain strong, supply unchanged, and the balance of risks pointing towards a continued strong Capesize market.

Kind regards,
Arrow Research