The 3rd Quarter of 2026 Management Discussion and Analysis



> “The climate crisis went from distant warning to daily reality. Wars, AI, and climate change are not separate crises. They are chapters of the same story, the story of power.”
>
> António Guterres
> at the UN General Assembly,
> 22 September 2026

Contents

3rd Quarter 2026 Financial Performance (US Dollars)	3
Consolidated Financial Performance (Thai Baht Terms)	4
Hatthaya Naree	5
PSL's Fleet Renewal	5
Awards and Honors	6
Market Segmentation	6
The Next Earnings Call	6
Long Term versus short term Charters	7
The Year of the Fire Horse	7
Dry Bulk Market Conditions	9
Factors affecting the BDI	14
Supply Side Developments	20
Special Surveys, and EEXI EPL speed reductions	21
Small Modular Reactors (SMRs)	22
Other Shipping News	22
Disruptive Shipping Chokepoints	23
Climate Change	23
AIs	28
Data Centers	31
EVs	32
Urbanization	33
Inequality	33
Pope Leo XIV	35
Sanctions	35
Wars	38
Tariffs & Trade	39
The IMO and Regulations	41

Safe Harbour Statement: This document contains certain forward-looking statements reflecting current views on future events, market conditions, and business performance. Due to various factors involved, these statements carry risks and uncertainties that could cause actual results to differ materially. Readers are advised to exercise caution when considering such statements. These statements are based on information available as of the date of this report and are not guarantees of future performance.

Sources: For the convenience of readers, this report includes links to publicly available news sources, including but not limited to Bloomberg, Reuters, Fortune, Business Insider, The Wall Street Journal, and CNN. All rights to such content remain with their respective owners.

Our Key Performance Indicators
3rd Quarter 2026 Financial Performance (US Dollar Terms)

The results, reviewed by EY Office Ltd., reflect the latest financial position of Precious Shipping Public Company Limited and its subsidiaries ("the Company"). For Q3 2026, we reported EBITDA of USD 36.51 million, Net Profit of USD 21.75 million and Earnings per share of Baht 0.49.

The average earnings per day per ship during the third quarter came in at USD 17,721, comprising USD 17,396 per day for our dry bulk fleet and USD 30,563 per day for the sole tanker in our fleet.

Daily operating costs for our dry bulk fleet were USD 5,681 per day, while the sole tanker in our fleet incurred operating costs of USD 7,036 per day.

THE HARD FACTS (All figures are in US Dollars)	Q3 2026	Q3 2025
Dry Bulk Fleet		
Highest earnings per day per ship	34,000	20,181
Average earnings per day per ship	17,396	13,368
Average earnings per day per Small Handysize ship (excluding 4 cement carriers)	14,197	10,526
Average earnings per day per Large Handysize ship	17,088	13,284
Average earnings per day per Supramax ship	16,704	12,739
Average earnings per day per Ultramax ship	20,529	15,934
Operating cost per day per ship	5,681	5,284
Tanker Fleet		
Highest earnings per day	38,976	N/A
Average earnings per day	30,563	N/A
Operating cost per day	7,036	N/A
PSL Combined Fleet (Dry Bulk and Tanker)		
Average earnings per day per ship	17,721	13,368
EBITDA in million USD	36.51	21.36
Net Profit (Loss) in million USD excluding exchange gain (loss) and non-recurring items	20.47	8.15
Net Profit (Loss) in million USD	21.75	7.78

Average earnings per day for the dry bulk fleet are reported on a gross basis before netting off commissions. Average earnings per day for the sole tanker in our fleet is reported on a gross basis before netting off commissions and commercial management costs. Average earnings per day are based on ship availability for commercial operation, which excludes technical downtime, including periods for dry-docking.

Dry bulk fleet operating costs include dry-docking and special survey amortization expenses. Tanker fleet operating costs exclude dry-docking and special survey amortization expenses.

Consolidated Financial Performance (Thai Baht Terms)

For the quarter ending 30 September 2026, the Company reported a net profit of Baht 725.91 million, compared to a net profit of Baht 252.39 million in Q3 2025. The main reasons for the changes are as follows:

- The Net Vessel Operating Income in Q3 2026 increased by Baht 675.78 million or 47% compared with Q3 2025, driven by a stronger dry bulk freight market as well as income contributions from the tanker vessel.
- Vessel running expenses in Q3 2026 increased by Baht 79.54 million or 16% compared to the figure in Q3 2025, due to higher costs of stores and spares as well as expenses related to the tanker vessel.
- Administrative expenses (including management remuneration) for Q3 2026 were Baht 57.59 million higher than the figure in Q3 2025, primarily due to an increase in variable compensation expenses.
- Finance costs for Q3 2026 were Baht 66.76 million higher than the figure in Q3 2025, due to an increase in debt to part finance our recent vessel acquisitions.
- The Company recognized a gain of Baht 2.27 million in Q3 2026 from the sale of one vessel.
- The Company recognized notional foreign exchange gains of Baht 12.36 million in Q3 2026, mainly attributable to Thai Baht debentures maturing in 2029 and 2034.
- The Company recognized a gain on modification of financial liabilities of Baht 33.25 million in Q3 2026, arising from a reduction in the interest margin.

For the nine-month period ending 30 September 2026, the Company reported a net profit of Baht 1,355.59 million compared to a consolidated net profit of Baht 68.84 million during the same period last year. The main reasons for the changes to the nine-month financial results are as follows:

- Net Vessel Operating Income during the nine-months period of 2026 increased by Baht 1,651.76 million or 46% compared to the figure during the same period last year, driven by a stronger dry-bulk freight market and income contribution from the tanker vessel. As of 30 September 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 nine-month period of 2026 increased by Baht 143.01 million or 9% compared to the figure during the same period last year, due to higher costs of stores and spares as well as expenses related to the tanker vessel.
- Administrative expenses (including management remuneration) for the nine-month period of 2026 came in Baht 66.34 million higher than the same period last year, due to an increase in variable compensation expenses.
- Finance costs during the nine-month period of 2026 were Baht 181.31 million higher than the same period last year, due to an increase in debt to part finance our recent vessel acquisitions.
- The Company recognized a gain of Baht 21.10 million during the nine-month period of 2026 from the sale of three vessels.

- The Company recognized notional foreign exchange gains of Baht 86.43 million during the nine-month period of 2026, mainly attributable to Thai Baht debentures maturing in 2029 and 2034.
- The Company recognized a gain on modification of financial liabilities of Baht 33.25 million during the nine-month period of 2026, arising from a reduction in the interest margin.
- The Company recorded expenses of Baht 40.73 million during the nine-month period of 2026, arising from the Mayuree Naree incident in the Strait of Hormuz.

Hatthaya Naree:

- 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 real criminals.

PSL's Fleet Renewal:

Our fleet renewal plans are progressing with literally no pause. After the purchase of the MR2 Product Tanker, the 'High Tide' and her expected delivery in early November, we have also concluded a further 4 Ultramax bulkers at our favourite shipyard, Sanfu, with delivery of the first three ships in the SH of 2030 and the last ship in the FH of 2031. We expect these newly ordered Ultras built to SDARI's latest design to come with exceptionally good speed, lower fuel consumption, superior hull shape, a shaft generator, and the usual energy saving devices that were part of the most recent series of 4 that we had ordered from Sanfu in 2024. From that last order of Ultras with Sanfu, two of which have already been delivered in 2026, with the third ship expected in end November, and the 4th Ultra expected just before Chinese New Year in end January or very early February 2027. We have fixed the first two at a healthy premium of about 108% of the BSI (63K) index. On the ship sales side we have sold the Kanchana Naree, a 57K DWT Supramax built in China in 2011 at a small premium to our net book value. She was sold basis her next Special Survey due at USD 14.59m and was successfully delivered to her new owners.

Awards and Honors:

- 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).
- 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).

Market Segmentation

During Q3 2026, the Baltic Handysize Index (BHSI) averaged 915 points, corresponding to an average Time Charter (TC) rate of USD 16,474 per day. Our nine existing (excluding 4 cement carriers) earned an average of USD 14,197 per day, underperforming the BHSI TC rate by 13.8%. Our seven large Handysize vessels earned an average of USD 17,088 per day, outperforming the BHSI TC rate by 3.7%. The Baltic Supramax Index (BSI63) averaged 1,684 points, corresponding to an average TC rate of USD 21,288 per day. Our one sold and five existing Supramax vessels earned an average of USD 16,704 per day, underperforming the BSI63 TC rate by 21.5%. Our fifteen Ultramax vessels earned USD 20,529 per day, underperforming the BSI63 TC rate by 3.6%. 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 3rd of November 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 Q3 results. The number of online participants attending PSL's live presentation for Q2 results on 7th of August 2026 was 117 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.

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 22.3% level with a visible revenue stream of USD 225.6 million.

Year	2026	2027	2028	2029
Total Available Days	14,857	14,965	15,006	14,965
Fixed T/C Days*	5,271	4,279	1,932	1,819
% age Fixed T/C Days	35%	29%	13%	12%
Av. T/C Rate/Day in USD	16,339	18,620	16,154	15,693
Contract value in million USD	86.12	79.67	31.21	28.54

**This comprises eight ships on fixed rate time charters and 14 ships on variable rate time charters.*
***Average T/C Rate/Day for the variable rate charters is estimated based on actual earnings until Sep 2026 and rates prevailing in Oct 2026 for the period thereafter.*

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

The Year of the Fire Horse

If the rules of seasonality were followed in the year of the Fire Horse, Q3 would traditionally have been a 'weaker' quarter compared to Q2 and Q4 but stronger than Q1. The reason for the slowdown in Q3 is that most of the Industrialised world, other than China, would be on holidays during Jul-Aug, demand for raw materials to feed industries slows down, while grain exports from the southern hemisphere would be slowing down or ending, while grain from the northern hemisphere would only start moving from mid-late September onwards and peak in Q4. However, Q3 has not exhibited any such weakness. So, normal seasonality has been stood on its proverbial head. One of the main reasons behind the strength of the freight market is due to demand growing at a much stronger pace than was forecast at the start of this year, and disruptions and other inefficiencies increasing the already strong demand into significantly higher tonne-mile terms.

Geopolitics, besides being a major cause of instability in the world, is now also the cause of inflation, something that you would not have imagined. The way to combat inflation in the West is to increase interest rates, which could be a problem for the US economy as higher interest rates would further increase the indebtedness of the US government whose debt has hit an astronomical all-time high of more than USD 40 trillion! If this has a negative impact on US consumer spending which accounts for some 70% of US GDP growth, then it could result in a slowing down of the largest economy in the world at a time when that is not what the economic doctors have ordered. Thankfully, the US economy grew at 3.4% and shrugged off inflation, massive debt burden, wars where the US is involved, and retained consumer spending and confidence. Time will tell if our reading on this issue is accurate and if Fed chair, Kevin Warsh, fails to listen to Trump's demand for lower interest rates. Warsh may have disappointed Trump, but the rest of the world and the stock markets in America lustily cheered him after his first 25 bps increase in interest rates at the Fed's meeting in September. Warsh did not increase interest rates at the Fed's October meeting but is expected to raise rates by another 25 bps at the Fed's December meeting. The other geopolitical impact has been the closing of the Strait of Hormuz (SoH) by Iran. To date the impact on crude oil flows out of the SoH of around 20% of world supply has been ameliorated due to fully loaded VLCCs slipping out of the SoH 'protected' by US air cover, going dark with no AIS, no radars, no lights, following the playbook used by the 'shadow fleet' for safety reasons; China's oil demand probably peaked in 2025 and has started dropping, resulting in lowering of demand; China

also was drawing down crude oil from their 'stored' treasure of crude built up over the years for just such an occasion, and thereby reducing their import demand considerably; the world economy not being as reliant on oil for energy requirements thanks to the buildup of renewable green energy in China, India, the EU, and other countries; and pipelines allowing crude to be shipped or transshipped from the Red Sea and Oman, outside the reach of the SoH. In the last few days of July, the Houthi's declared any ship loading from the Saudi Red Sea ports would not be allowed to exit the Red Sea unharmed, and they have been aided by drones that have hit the Saudi East-west pipeline, and recently targeting the port of Yanbu, and a few main international airports, stopping such oil flows and creating panic at international airports in Saudi Arabia. So, another chokepoint being tightly gripped, crippling the flow of ships in/out of the Red Sea, adding serious tonne-mile demand due to rerouting of ships via the Suez Canal and the Cape of Good Hope (COGH). In the meantime, the Russia-Ukraine war has given rise to serious angst for those shipowners' brave (or foolhardy) enough to run the gauntlet of fire being unleashed by both warring parties on innocent ships and their civilian seafarers. Grain exports from both Ukraine and Russia have ground to a halt resulting in short tonne-mile demand from the Mediterranean countries for their traditional grain supply from the Black Sea being replaced with much longer tonne-miles to satisfy these countries food demand. The fact that crops in the EU have been hit by climate change means the EU cannot come to the aid of the north African continents demand for grain as they normally do. As a result, we have seen tonne-mile growth for grain trade increase by 11% in the FH of 2026 and will likely remain as strong or grow even stronger by the end of this year.

Then there is the El Nino phenomena which is expected to be the strongest on record affecting much of the world from late summer this year to Q1 next year. El Nino will simply exacerbate what has been the hottest summer almost everywhere in the world, forcing hydropower to a standstill, and possibly encouraging shipment of more coal for power generation. We have already seen the strength of Typhoon Dolphin that had stopped ports in China from functioning, with a third severe storm hitting the East coast of China in quick succession, created even longer waiting times at ports that are unused to ships sitting at anchorage waiting for their turn to berth, lengthening voyages, and creating additional inefficiencies. The Panama Canal Authority (PCA) that was threatened two years ago by Trump as a target for the US taking back the Canal, has a far greater threat of El Nino on its head, while Trump mired with his Iran quagmire, has forgotten about the very existence of the Panama Canal. The PCA has already started to cut the draft allowed for transit and has reduced the daily number of ships allowed to transit the canal by 12.5% compared to historical transit flows. The PCA have plans to continue reducing the number of ships and further reducing drafts for transiting ships, as May-Aug rainfall was 34% below normal, and watershed inflows were 44% lower than historical norms. However, the PCA have now reversed their cut in transit as rains have started to ease the water shortage in the canal. With El Nino promising to be an extreme version, many dry bulk ships will simply take the longer route via the COGH or Cape Horn, further adding to inefficiency and lengthening tonne-mile demand. Meanwhile, global warming aided by El Nino is increasing inefficiencies for ships at sea and at ports, increasing demand for additional thermal coal imports for power generation required for cooling in hellishly hot countries unable to rely on hydropower, resulting in lengthening voyages and reducing the effective supply of ships, tightening an already tight ship-supplied market.

Based only on fundamentals, the excesses on the supply side have always been the catalyst for a shipping downturn, all else being equal. The supply side slides that we have been looking at since 2021 show that there has been no daylight between the forward order book line (usually 3 years into the future, now expanding to 4 and 5 years into the future) as a ratio of the existing fleet, and the existing 20-year-old fleet line as a ratio of the existing fleet. Such long periods (6 years and counting) of under investment and ever growing 20-year-old existing fleet leads to longer term markets in favour of owners in the future. There is, however, a caveat and that is, that demand should continue to grow at its long-term average. Long term demand growth trend lines are linked to macro factors such as population growth (more mouths to feed, UN population studies show that peak population will be around 2080); greater equality

in income, better health, larger spending power, changing eating habits from migration of the poor population into a more secure middleclass population that goes from mainly vegetarian diets to mainly carnivorous diets (conversion factors for white meats is 2.5 kilos of grain to 1 kilo of live weight, and red meats is 6 kilos of grain to one kilo of live weight, and no one eats live weight, we eat only the meat not the bones, nor the hair, nor the skin, etcetera); urbanisation has resulted in the breakdown of the joint/generational family homes to the nuclear homes, and with the trend lines in divorce or splitting of partners constantly rising, leading to ever more single person homes, each requiring the exact same amount of white goods that the nuclear family needed, versus about the same amount of cheap labour in lieu of white goods that the joint/generational family homes required. So long as these macro trend lines remain intact with the under invested supply side, as described, the markets should remain volatile but largely on an improving and upward-moving trend line.

Dry Bulk Market Conditions:

- We must live with the fact that these fires are happening more often, said Thomas Buberl, Axa SA CEO, on the effects of global warming.
- The US just sweltered through the warmest month ever recorded. The average temperature for the US mainland reached 24.9C in July, the National Oceanic and Atmospheric Administration said on Monday. The US government has been tracking temperatures for 132 years. July's average was around three degrees higher than the 20th-century average.
- The current typhoon season in the Northwest Pacific Ocean is shaping up to be one of the most intense on record as the El Niño system strengthens, according to the latest projection by Tropical Storm Risk.
- France's corn harvest is estimated to be the smallest since 1980 as the effects of searing temperatures and drought batter crops, according to the nation's agriculture ministry.
- China's coal imports surged to the highest this year in July, but the strength is deceiving and built on short-term factors that are unlikely to persist.
- As the US-Iran war drags on with no end in sight, oil traders and policymakers are grappling with a critical question: are global oil stocks enough to offset what could become the biggest supply disruption on record?
- The economic data itself to 14 August offers a mixed picture. Unemployment is low, American consumers are buying plenty of stuff, and there are signs of a manufacturing revival. But inflation has been above 3%. That is a problem given voters are laser-focused on the cost of living.
- Small businesses hate Trump's tariffs. For big companies they are a nuisance, but for most others they are an existential threat hitting from multiple directions.
- President Trump is threatening an indefinite naval blockade against Iran, and a US territorial claim on the SoH, marking a new approach to pressuring Tehran.
- China's exports of electric trucks to other Asian countries have spiked, adding to a surge in domestic sales as higher fuel costs as a result of the Iran war accelerate regional electrification. China's rapid adoption of e-trucks, from lighter vehicles to tractor-trailers, has partially shielded the world's biggest auto market from the impact of the conflict.
- China's economy got off to a sluggish start in the second half, reviving pressure on policymakers to support growth after industrial output, consumption and investment all fared worse than forecast.

- The oil market is increasingly behaving as though disruptions to Middle East energy supplies are not a temporary shock but a new reality. Nearly six months after war erupted between the U.S. and Iran, hopes for a diplomatic breakthrough have faded.
- Ukraine's corn harvest is set to intensify pressure on grain storage, as slow exports, occupied elevators and higher storage costs push farmers toward temporary bags, risky facilities or delayed harvesting. Ukraine could face a domestic grain storage shortfall of 8 million-11 million metric tons in November if exports remain slow.
- India's power system has crossed a threshold that tells a very different story from the one usually conveyed by electricity generation data as clean energy sources now account for more than fossil fuels.
- Total US debt has topped $40 trillion for the first time, the Treasury Department said, drawing fresh warnings that a fiscal crisis is brewing as ballooning costs for social safety-net programs and interest payments far outstrip revenues held back by tax cuts.
- Reuters looks at how small modular reactors (SMRs) may increasingly play a major role in the US race to build enough clean, reliable electricity.
- While oil markets adapted remarkably well to the abrupt loss of a fifth of global crude supplies from the Middle East during the conflict, workarounds for the refining industry have been far more limited. The divergence between crude, up 25% on 20 August since the start of the war, and fuel prices tells the story. EU diesel prices have surged more than 70% since the war began, while US gasoline prices have climbed around 60%. This reflects a dramatic decline in refining output. The war knocked out more than 20% of the Middle East's 9.6m bpd of refining capacity. The loss of Gulf crude, in turn, led many refiners, particularly in Asia, to curtail operations. Taken together, the disruptions have created a hole in global fuel production that the industry is struggling to fill.
- Britain's Met Office national weather forecaster said 2026 is going to be renowned for the development of the largest El Niño in living memory and what is probably the largest such event since the 19th century.
- India's push to reach 300 MMT of annual steelmaking capacity by 2030 is bringing iron ore security into focus, with industry participants debating the viability of domestic supply versus imports. While domestic iron ore remains the foundation of India's steel expansion, the increasing mismatch between steel and iron ore growth, deteriorating feed quality and regional logistics constraints is paving the way for imports to play a larger role.
- The crude oil market is currently engaged in the wrong debate over how much oil is moving via SoH. It should be debating the constrained flows of refined products around Asia. US refineries have operated near maximum capacity for the longest sustained period in over a quarter century, scrambling to capture windfall profits created by the Iran war. But history offers a cautionary tale: “Super refining” runs that push plants too hard can cause major failures.
- China’s oil demand probably peaked last year, earlier than previous estimates. Clean energy development, electrification, and low-carbon goals mean that the country’s oil demand has probably already crested, Sinopec Chairman Hou Qijun said Monday at an earning’s briefing in Hong Kong.
- Australian wheat export prices have climbed to their highest levels in three years, as logistical disruptions in the Black Sea shipping lanes affected Russian and Ukrainian grain exports during their peak shipment window to Asian buyers, according to Platts assessments and trade sources.

- India, one of the world's biggest wheat producers, has scrapped a years-long ban on exports of the grain, a move that could ease global supplies that are under strain from escalating attacks between Russia and Ukraine.
- Euro zone August inflation is forecast to hit 3.3%, its highest in nearly three years, driven by elevated energy costs.
- Governments across Europe and Asia are scrambling to accelerate their renewable energy build-out in a bid to cut dependence on fossil fuel imports six months into the US-Israeli war with Iran, providing a fresh impetus to the global energy transition.
- After six months, the fitful pace of the war on Iran is putting emotional pressure on American military families. And Donald Trump said the US is taking control of a fifth of Venezuela's oil reserves.
- Nepal said it needs foreign technical help as well as up to $5 billion to rebuild after the 19 August glacier collapse sent rock, ice and debris down a narrow valley.
- Inflation-adjusted consumer spending was flat in July following strong increases in May and June, the Bureau of Economic Analysis said. It's another in a series of reports suggesting the economy cooled in July after robust spending earlier in the summer, providing cover for Fed Chair Kevin Warsh and the central bank to hold off raising interest rates.
- China avoided fossil fuel imports of $ 8 billion between Mar-Jul thanks to renewable energy projects added since 2020, according to the Centre for Research on Energy and Clean Air. China has emerged as a beneficiary of the realignment, leveraging its dominance in green technology manufacturing at a time when soaring oil and gas prices are boosting interest in solar panels, batteries, and electric vehicles. In the PG, drone strikes and explosions have damaged key facilities, including Saudi Arabia's largest oil refinery and a key liquefied natural gas export terminal in Qatar. Coupled with shipping bottlenecks, initial export losses across the PG averaged nearly $2 billion per day in March, according to an estimate from Rice University.
- Fed Chair, Kevin Warsh, on 28 August provided some clarity on his views regarding US inflation, warning that it isn't slowing in a meaningful fashion and that policymakers must be confident that it is, otherwise the central bank has "work to do." Though he stopped short of signaling he would support an interest-rate hike when Fed officials gather in September, his remarks appeared to reassure investors who have boosted bets that the Fed will raise rates to rein in inflation.
- Australia raised its wheat crop forecast after strong winter rains improved growing conditions, just as the worsening Black Sea crisis creates additional demand for the country's grain. The Department of Agriculture on 1 September said it expects a 2026/27 wheat crop of 29.9 MMT. That's around 12% higher than the government's previous forecast in June and would be the eighth-biggest harvest on record.
- Japan's benchmark 10-year bond yield struck the key 3% barrier for the first time since 1996, amid a deepening global debt selloff as traders fret about oil-driven inflation, monetary tightening and worsening fiscal conditions.
- Yields for the US 10-year Treasury topped 4.75% on Monday for the first time since January 2025 following a spike in oil prices tied to renewed fighting around the SoH and the stalemate in the six-month US-Israel war with Iran.
- Concerns over America's fiscal outlook are mounting. Long-dated Treasury yields are at their highest levels since 2007, while the national debt has surpassed $40 trillion.
- As China has learned to live on less fuel since the Iran war, its carbon emissions have fallen, a new analysis by the Centre for Research on Energy and Clean Air showed on 3

September. The decrease was driven by a 9% fall in oil consumption as consumers moved to electric vehicles faster than anticipated, a trend unlikely to be reversed, that was creating the conditions for a sustained decline in emissions.

- Global renewable power output is soaring, and the IEA expects it to become the top electricity source for the first time this year.
- Record heatwaves and chronic water shortages are shrinking maize harvests for farmers across central and eastern Europe, reshaping a region long seen as a pillar of European grain production.
- US job growth accelerated sharply in August while the unemployment rate held steady. Experts say that's grounds for the Fed to raise rates, not lower them.
- America and Israel's war in Iran had closed the Strait of Hormuz, through which India imports much of its oil and gas. To make things worse, the monsoon was delayed and rainfall was forecast to be below the long-term average. Everything was going wrong. Yet, India's economy grew 7.8% in the April-June quarter. India's bond yields have moved a lot less than America's. That is despite India's appetite for private capital and strong growth: the same conditions America's treasury secretary has blamed for rising borrowing costs in his own country.
- Global coal demand is forecast to rise by 1.2% in 2026 to a record 8.94 BMT due to the Middle East conflict, the IEA said on 10 September. Disruptions to oil and LNG shipments through the SoH since the US-Iran war started have driven up prices and encouraged higher electricity generation from coal in countries that have gas-fired power fleets and spare coal capacity, the IEA added in an update on the coal sector.
- The US trade deficit widened sharply in July to the largest since early 2025, reflecting a surge in imports of computers and other technology equipment. The gap in goods and services trade grew 24.4% from the prior month to $88.6 billion, according to the Trump administration.
- China's oil consumption fell 9% y-o-y in Q2 of 2026, driven by a 16% slump in the transport sector, according to a report from the Centre for Research on Energy and Clean Air. Crude oil processing dropped 11%. Electric vehicles were a major beneficiary as gasoline and diesel became more expensive.
- The Trump administration announced a blockbuster report on American jobs Friday, with the Bureau of Labor Statistics revealing numbers that were reportedly more than double the estimates of some economists. The government data indicated non-farm payrolls increased 162,000 last month while revising away July's job losses. The August increase also topped all estimates in a Bloomberg survey.
- After a surge in Q2, thermal coal volumes have dropped throughout Q3. However, higher voyage distances support tonne-miles. China and India look set for an import wave over the rest of the year, which could draw from longer haul origins. With Capes busy carrying iron ore and bauxite, Panamaxes will likely carry additional cargoes, especially longer haul. (Arrow Q4 Coal Outlook, 11 Sep 26)
- On 11 September morning the average price of a gallon of diesel in America surpassed $6 for the first time ever. Later the Bureau of Labour Statistics reported that core consumer prices rose faster in August than analysts had expected. Stubborn inflation is just one factor pushing up bond yields.
- The US national average price of diesel surpassed $6 a gallon for the first time ever.
- Britain's economy grew at the fastest annual pace in 18 months in July, helped by a boost from AI and extending a strong first-half performance.

- Fed Funds futures point to markets leaning toward a 25-bps interest rate increase when Fed Reserve policymakers announce their decision on 16 September, though plenty of investors remain unconvinced.
- In a country where family businesses account for three-quarters of GDP, it's no surprise that India's corporate succession problem poses a real risk to some of the economy's biggest conglomerates.
- The US federal budget deficit hit $1.97 trillion for the first 11 months of the fiscal year, one of the highest such figures on record and leaving the debt burden heading within a few years to levels unseen in US history.
- In a unanimous vote, on16 September, the Fed Reserve raised interest rates by a quarter percentage point and penciled in an additional hike later this year, steps aimed at containing rising inflation that's been fueled in part by a global energy crisis triggered by the US-Israel war with Iran. It was the central bank's first rate-increase since July 2023. In remarks to reporters, Fed Chair Kevin Warsh repeated that he was concerned about inflation, stepping away from sometimes contradictory signals he gave over the summer.
- Trump lashed out after his newly appointed Fed chief Kevin Warsh backed a rate hike.
- Indian power producers' coal imports in August rose to a 15-month high as a heat wave and lower hydropower generation boosted electricity demand, prompting utilities to turn to costly overseas supplies.
- Foreign holdings of US Treasuries fell in July to the lowest level since October, led by declines in the stockpiles of France and Canada. Overseas holdings dropped by $50.4 billion from June, according to data published by the Treasury Department on Wednesday. The total now stands at $9.25 trillion.
- Markets are pricing a series of Fed rate hikes. But a look back at the Alan Greenspan Fed shows Kevin Warsh has ample room to prove the consensus wrong.
- India's expanding steel industry is set to reshape seaborne metallurgical coal and coke trade, with rising steel capacity driving higher imports while buyers diversify sourcing across Australia, Russia, the US, Mozambique and Indonesia.
- The public debts of big, advanced economies have roughly doubled, relative to GDP, since the turn of the century. Even before the latest bond sell-off, the governments of these countries were forecast to spend 8% of tax revenues on net-debt interest this year. Yet many governments refuse to tighten their belts. At some point, bond-buyers will revolt.
- The WTO this week (5/9 Oct) said it expected that, at 3.9% this year, trade would again grow faster than global GDP.
- The SoH remains far from safe. Iranian forces continue to target vessels moving through the narrow waterway, with nearly one tanker hit every day over the past two weeks.
- US Treasury yields have risen sharply since the war with Iran began in February, with the 10-year yield up some 135 bps to 5.23% and the 30-year yield up around 110 bps from its March low to 5.614%. Both are trading at levels last seen more than two decades ago. And it is likely to get uglier.
- The US CPI rose 3.7% in September from a year earlier, faster than a month earlier, as gas prices surged 34%.
- Fed Reserve Chair Kevin Warsh voiced optimism about US economic strength and surprise about how well global economies have been "hanging in there" despite geopolitical shocks.
- China's economic growth bounced off three-year lows to 4.5% in Q3, as roaring exports offset consumers' tight grip on their wallets. The strong reading is another sign that the world's top oil importer has largely shielded itself from the worst effects of the Iran war.

- The energy crisis has shifted decidedly from a shortage of crude to a shortage of refined fuels. Global refining throughput is set to fall by 2.3 million barrels per day this year to 81.7 mbpd, according to the International Energy Agency.
- The AI boom, increasingly acknowledged at the Fed Reserve as helping drive inflation, has left central bankers faced with cooling the rest of the economy to lower price pressures amplified by an industry of marquee names like Amazon, Apple and Anthropic considered immune to rate hikes.
- Many unemployed Chinese are hiding their joblessness from relatives, wary of the concern and pressure that often follow in a labor market where finding work has become increasingly difficult.
- British inflation and borrowing rose more than expected last month, that will add for calls to help households in finance minister John Healey's first budget next week [26/30 Oct] and the likelihood of a Bank of England interest rate hike.

Factors affecting the BDI:

- The US economy remained resilient, with real GDP growing by 3.4% year-on-year in Q3 2026, its fastest pace in a year, supported largely by strong consumer spending and AI-related business investment. However, the IMF projects US real GDP growth to remain steady at 2.3% in both 2026 and 2027, with technology-related investment, particularly in AI, supporting economic activity amid elevated energy prices and broader global uncertainty.
- According to Deloitte, The US labour market showed signs of cooling, with nonfarm payrolls increasing by an average of approximately 80,000 per month over the first eight months of 2026. Employment growth remains positive but modest, while the unemployment rate is projected to rise from an average of 4.2% in 2026 to 4.3% in 2028, reflecting slower workforce growth and more subdued hiring.
- Inflationary pressures remain persistent despite mixed signals from price indicators. Ongoing AI investment, rising technology costs and renewed housing-cost pressures are expected to keep inflation above the Federal Reserve's 2% target until 2029, potentially limiting the scope for monetary easing.
- US consumer spending is showing signs of potential strain, as expenditure continues to grow faster than household income. The personal saving rate remained at or below 3% from April 2026, an unusually low level that raises concerns about the sustainability of consumption growth.
- AI-related investment has emerged as a major driver of US economic growth, with real business investment forecast to increase by 6.6% in 2026 and 5.1% in 2027. However, investment remains uneven across sectors, with transportation equipment investment down 6.1% year-on-year in Q2 2026, highlighting continued weakness in parts of the broader industrial economy.
- China's economy grew by 4.5% year-on-year in Q3 26, accelerating from 4.3% in Q2, supported by robust exports, particularly technology-related goods amid strong AI-driven demand, resilient manufacturing activity and fresh government policy support, including targeted interest-rate cuts, mortgage subsidies and additional infrastructure funding. However, persistent weakness in domestic demand, sluggish consumer spending and private investment, and the prolonged property-sector downturn continued to weigh on the recovery and pose challenges to achieving the government's full-year growth target of 4.5–5%.

- The IMF lowered its forecast for China's GDP growth in 2026 to 4.5% from 4.6%, placing it at the lower end of the government's 4.5–5% target. The forecast reflects higher oil prices, prolonged uncertainty and structural challenges, although policy support is expected to prevent a sharper slowdown. In contrast, India is forecast to grow by 7.0%, supported by resilient domestic demand and robust services activity.
- China's strong export performance continues to offset subdued domestic consumption and weakening investment. Exports rose 36% year-on-year in September, the fastest since February. The cumulative trade surplus reached $938 billion for the first nine months, putting it on course to exceed the record set in 2025 as September's exports grew faster than expected.
- In the first Q3 of 2026, the equipment manufacturing industry contributed nearly 90% of China's export growth, while intermediate products accounted for more than half of total export value, reinforcing China's role in global supply chains. Integrated circuit exports surged 99.1% year-on-year, while exports of electric vehicles, lithium batteries, and wind turbines and their components increased by 72.3%, 36.4%, and 22.4%, respectively.
- S&P Global Ratings expects residential property prices to fall in Q3 2028, although prices in major cities such as Beijing and Shanghai could recover as early as 2027. The government has introduced mortgage-interest subsidies for eligible first-time homebuyers and tighter restrictions on developers' presales to prioritise completed homes, and reforms to improve developers' access to equity and bond financing. However, home prices remain 22% below their 2021 peak, while property sales by floor area fell 12.1% year-on-year in the first eight months of 2026. The prolonged downturn continues to weigh on domestic demand, reinforcing the IMF's concerns about China's reliance on exports to sustain economic growth.
- China has allocated approximately US$82 billion in unused local government bond quotas to support economic growth, with US$45 billion for local government spending and US$37 billion for infrastructure projects. The move comes amid weak consumption, declining investment and a prolonged property downturn, as China targets GDP growth of 4.5–5% in 2026.
- Worldsteel expects global steel demand growth to remain flat in 2026, a downward revision largely driven by China's prolonged property downturn. Growth in manufacturing-related steel demand has been insufficient to offset declines in real estate and infrastructure.
- India's steel demand is projected to grow by around 8% in both 2026 and 2027, while Vietnam's demand is expected to rise 12% in 2026, supported by strong residential and commercial construction and public investment.
- Worldsteel estimates that the conflict will reduce Middle Eastern steel demand by 13.9% in 2026. Meanwhile, the IMF estimates that the oil shock will lower global GDP growth by 0.3 percentage points this year, after accounting for supply adjustments and reduced oil intensity.
- The IMF projects global GDP growth to slow from 3.5% in 2025 to 3.1% in 2026, before recovering to 3.4% in 2027. Technology investment, particularly AI and data centres, is providing additional support to growth in several Southeast Asian economies.
- US–China trade truce extended to January 10, 2027. The two-month extension provides more time for negotiations and creates a more stable and predictable trade environment for businesses, although the timing and extent of tariff reductions remain unclear.
- Reciprocal tariff cuts proposed on US$60 billion worth of goods: Both countries identified US$30 billion of imports from the other for preferential tariff treatment. China plans to reduce tariffs on selected US agricultural products, including corn, barley, wheat and

sorghum, while the US proposed lower duties on Chinese consumer goods. This could potentially support Panamax and Kamsarmax grain shipments. However, soybeans were excluded from China's proposed tariff cuts, limiting the immediate benefits for US soybean exporters.

- Under the agreement, China is expected to import 10 million tonnes of US coal per year in 2027 and 2028, equivalent to around 2% of its annual coal imports. China imported 10.78 MMT of US coal in 2024, suggesting the proposed volume could broadly restore pre-tariff trade levels. This could support US coal export volumes and create additional US–China dry bulk trade flows, although the impact on total shipping demand will depend on whether these purchases replace coal from other suppliers.
- A resumption of US–China coal shipments could support tonne-mile demand, as US exports largely depart from East and Gulf Coast ports, requiring long-haul voyages to China. The actual benefit will depend on implementation of the agreement and whether US coal replaces shipments from other suppliers.
- Global thermal coal exports are on track to contract for a second consecutive year, but shipments could rebound towards year-end as Australian thermal coal is trading at around USD 5.4/MMBtu, compared with Asian LNG at approximately USD 25/MMBtu — a discount of nearly 80%. Combined with seasonal winter demand, this price gap could encourage Asian utilities to favour coal-fired generation.
- Australian iron ore prices have weakened significantly, falling to approximately $79/tonne FOB, their lowest level since 2022. Further price declines could prompt additional production cuts by miners, including in Brazil. Although Chinese iron ore imports strengthened in Q3, supporting a 4.1% year-on-year increase, rising freight costs are placing increasing pressure on trade economics. Freight now accounts for nearly 45% of the delivered iron ore price on the Brazil–China route and around 22% on the Australia–China route.
- Brazilian iron ore exports came under pressure in Q3 2026, with September shipments falling 6.3% year-on-year for the third consecutive month and exports for January–September declining 1.3% year-on-year. Lower iron ore prices, elevated freight costs and possible weather-related disruptions have squeezed miners' margins, prompting some producers to reduce or suspend operations.
- In September, Brazil–China Capesize spot freight reached US$43.43/tonne, accounting for as much as 45% of the delivered iron ore price in North China. Although freight subsequently eased to US$33.73/tonne, its share of the delivered price remained elevated at around 37%, potentially delaying the return of suspended supply.
- Guinea's Simandou iron ore project is gaining importance as a new supplier to China, with West Africa's share of combined Brazilian and West African iron ore shipments carried on Capesize vessels of 100,000 DWT and above rising from 5% in Q3 2025 to 14% in Q3 2026. Guinea's iron ore flows reached a record 2.9 million tonnes in August 2026, highlighting the project's ramp-up and the growing role of West Africa in Atlantic–Pacific Capesize trade.
- BHP's Western Australian iron ore exports rose 5.5% year-on-year to a record 74.3 Mt in the September quarter, while Rio Tinto's Pilbara exports increased 2% to 83.9 Mt. In contrast, Fortescue's shipments fell 7.3% to 45.2 Mt, reflecting its dispute with China Mineral Resources Group (CMRG), which reduced shipments to China to a two-year low of 39.2 Mt.
- Guinea's Simandou project adds to future iron ore supply competition: Total iron ore exports from Simandou surged 66% quarter-on-quarter to 8.74 Mt in Q3. Further growth

is expected as permanent crushing facilities come online and rail logistics improve, potentially increasing competition for established Australian and Brazilian suppliers to China.

- China accounted for 81.5% of Rio Tinto's Western Australian exports in Q3, while Fortescue increased shipments to non-Chinese markets by 36.7% year-on-year to a record 5.93 Mt. However, stronger sales to Southeast Asia and India were insufficient to offset Fortescue's decline in Chinese shipments, highlighting China's continued importance to seaborne iron ore demand.
- After falling 18% to 46.9 million tonnes (MMT) in 2025, Colombia's coal exports are recovering, supported by firmer international prices and a more favourable policy environment for miners. Higher exports could provide additional cargo volumes for dry bulk carriers, although continued rail disruptions remain a risk.
- Colombian coal shipments to Asia reached a record 530,000 tonnes on Panamax vessels in August 2026, while Capesize shipments to Asia during January–September were at their lowest in four years, according to AXSMarine. The shift towards Panamax-sized cargoes highlights changing vessel deployment patterns in the long-haul coal trade.
- Glencore plans to increase Colombian coal production to around 20 MMT in 2027, from an estimated 17 MMT in 2026. If realised, the increase could support additional seaborne coal supply and dry bulk demand, particularly if a greater share of exports moves to Asian destinations.
- Coal exports from Indonesia and Australia were approximately 107 MMT and 52 MMT, respectively, in 3Q26. While seasonal demand could lift shipments in Q4, Indonesian mining quota cuts and low river levels may limit export availability, potentially encouraging Asian buyers to source more coal from South Africa and the Americas. This could increase tonne-mile demand in 4Q26 and provide support to Panamax and Capesize freight markets.
- China, Japan and South Korea imported around 122 MMT of coal in 3Q26, below the average 4Q imports of 143 MMT recorded in 2024–2025. In India, coal stocks at power plants fell 55.5% y/y to 19.2 MMT by late September, potentially increasing the need for replenishment through imports.
- IEA expects Australian thermal coal exports to reach 216 MMT in 2026, while Russian exports are forecast at 132 MMT. Russian suppliers have benefited from their proximity to Asian markets and competitive pricing, while Australia is expected to remain the leading coking coal exporter, with shipments exceeding 150 MMT.
- The IEA has raised its 2026 global seaborne coal import estimate to 1,382 MMT, now forecasting a 4 MMT increase rather than a decline. The revision reflects stronger coal demand amid disrupted LNG supplies from the Middle East and weather-related pressures on power generation.
- Vietnam is emerging as a key source of thermal coal import growth, with demand rising faster than domestic production. AXSMarine data show Panamax vessels' share of Vietnam's coal imports increased from 63% to 72% in the first eight months of 2026, supported partly by greater shipments from Russia's Pacific coast.
- The IGC forecasts world corn trade to rise by 5.6 MMT year on year to 208.5 MMT in 2026/27 (July–June). However, the extent to which this growth translates into seaborne demand will depend on Black Sea export capacity and the availability of supplies from competing origins.
- Following a record crop, the IGC raised Argentina's 2026/27 corn export forecast by 2.8 MMT to 44.0 MMT. This would make Argentina the world's second-largest corn exporter,

behind the US (82.0 MMT) and ahead of Brazil (39.5 MMT), potentially supporting additional Atlantic basin grain shipments.

- Chinese state-owned buyers purchased 8–10 Panamax cargoes of US soybeans in mid-October, equivalent to approximately 520,000–650,000 tonnes, with deliveries scheduled from December. The deals mark the first purchases since the September summit and could support trans-Pacific grain shipments, although sustained growth will depend on further buying and trade-policy development
- Intensifying El Niño conditions have fuelled Indonesian wildfires, with fire hotspots in September reaching their highest level since 2015. Meanwhile, India's weakest monsoon in over a decade has raised concerns over wheat and rice production, potentially tightening agricultural supply and affecting future grain trade flows.
- Annual seaborne sulphur supply typically totals around 31 MMT, including approximately 17 MMT originating from the Middle East Gulf. War-related disruptions, alongside export restrictions from Russia and China, have tightened availability and forced buyers to seek alternative suppliers. Although longer-haul sourcing can increase tonne-miles per voyage, reduced overall cargo volumes are weighing on dry bulk demand.
- Sulphur prices more than doubled following Middle East supply disruptions, pushing phosphate fertiliser prices up by approximately 23–30%. Rabobank expects global phosphate demand to contract by 7% in 2026 as affordability pressures weigh on farmers. Combined with adverse El Niño conditions, lower fertiliser use could constrain crop yields and reduce exportable grain volumes, potentially weighing on demand for grain-carrying bulkers.
- Growing demand for materials associated with electrification and artificial intelligence, including copper concentrates, nickel and manganese, could provide additional support for smaller geared vessels, such as Handysize and Supramax vessels as demand for data centres, batteries and energy-transition infrastructure expands.
- China's imports of base and minor metals rose 11% year on year to a record 250 MMT in January–August 2026. Imports of bauxite, nickel, chromium, lithium and manganese each increased by at least 10%, reflecting demand from electric vehicles, batteries, power equipment and other manufacturing industries. This could support dry bulk demand for mineral ores and concentrates beyond traditional iron ore and coal trades.
- Despite higher tariffs, US goods imports reached a record high in August 2026, contributing to a 13.7% month-on-month widening of the trade deficit to US$105.6 billion. Strong domestic demand, inventory replenishment and increased imports of AI-related equipment supported import growth, highlighting the continued importance of global supply chains despite efforts to curb foreign goods.
- World steel production reached 1,367.5 MMT in 9M of 26, down by 0.7% from 9M of 25.
- China imported 86.1 MMT of soybean down 0.1% in 9M of 26 compared to 9M of 25.
- China imported 2.1 MMT of corn up 126% in 9M of 26 compared to 9M of 25.
- China imported 3.8 MMT of wheat up 29.3% in 9M of 26 compared to 9M of 25.
- China imported 955.0 MMT of iron ore up 4.1% in 9M of 26 compared to 9M of 25.
- China imported 353.5 MMT of coal up 2.2% in 9M of 26 compared to 9M of 25.
- China exported 85.6 MMT of steel down 2.7% in 9M of 26 compared to 9M of 25.
- China imported 173.9 MMT of bauxite/alumina up 10.3% in 9M of 26 compared to 9M of 25.
- China's average PMI index was 49.7 during Q3 26.

- As usual, it will be supply and demand factors that will determine the strength of the freight markets. At the start of Q4 2026, the forward orderbook to fleet ratio is at 13.87%, which is marginally larger than the existing 20-year-old fleet at 12.42%.
- Container ship new building has accelerated as the market remains heavily reliant on the container segment. Dozens of ships are ordered in 2026 such that the forward TEU-order book at 14.90 m-Teu to existing fleet-TEU of 34.18 m-TEU on 1 Oct 2026 was a ratio of 43.60%. Of this figure, 4.2 m-TEU were ordered in the first 3Qs of 2026.
- **Car Carriers:** The forward Car Carrier orderbook stood at 1.38 m-CEU to existing fleet CEU of 5.38 m-CEU, and as of 1 Oct 2026 had a ratio of 25.61%.
- **LNG:** The forward LNG orderbook stood at 52.86 m-Cu.M to existing fleet of 143.71 m-Cu.M, and as of 1 Oct 2026 the ratio was a staggering 36.78%. Of this figure, 12.5 m-Cu.M were ordered just in the first 3Qs of 2026!
- **LPG/Ammonia/Ethane/LCO2 (liquid CO2 carriers):** The forward LPG orderbook stood at 22.81 m-Cu.M to existing fleet of 56.87 m-Cu. M, and as of 1 Oct 2026 ratio was 40.12%.
- **Tankers:** The forward Tankers orderbook stood at 192.12 m-DWT to existing fleet of 739.16 m-DWT, and as of 1 Oct 2026 ratio was 26%.
- **Dry Bulk:** The forward Dry bulk orderbook stood at 151.77 m-DWT to existing fleet of 1094.37 m-DWT, and as of 1 Oct 2026 the ratio was 13.87%. Of this figure, 53.09 mDWT was ordered in the first 9M of 2026. As can be seen, dry bulk has the weakest orderbook to fleet ratio compared to any other shipping segment and hence appears the best segment to invest in! Dry bulk freight rates are essentially a tug-of-war between supply and demand. Supply has been very restrained over the last few years with hardly any new buildings on order compared to the earning potential of today's market rates. And since supply-demand came into balance by the SH of 2020, rates have become extremely volatile. The reason for that extreme volatility is that supply-demand is an inelastic curve, so with one extra unit of demand, rates can skyrocket by multiples of last done numbers. Same way, rates come down very sharply when that extra unit or two of demand is taken off the table. So, volatility is the name of the game!
- The BDI averaged 2,585 points in the 9M of 2026, which was +70% as compared to 1,521 points in 9M of 2025. If you look at the individual sectors/index ships, in 9M of 2026 as compared to 9M of 2025, then Capes averaged TC of $33,578 compared to $18,851 (78%), Panamaxes averaged TC of $18,308 compared to $12,499 (46%), Supras (63k) averaged TC of $18,443 compared to $13,255 (39%), and Handy sizes averaged TC of $14,634 compared to $10,916 (34%). So, all sectors of the dry bulk market outperformed the time charter rates in 9M of 2026, with Capes seeing the biggest surge.
- In Q3 2026, the Capesize TC index averaged $41,369/day (+68% y-o-y), started the quarter at its trough at $29,981, reached a peak of $54,791 on 4 Sep 2026, and then closed out the quarter at $41,191. The Panamax (82k) index in Q3 averaged $20,264/day (+27% y-o-y), started the quarter at $19,591, reached a trough of $17,896 on 28 Jul 2026, a peak of $22,113 on 3 Sep 2026, and then closed the quarter at $21,458. The Supramax (63k) index in Q3 averaged $21,288/day (+25% y-o-y), started the quarter at $21,151, reached a trough of $20,231 on 11 Aug 2026, then closed the quarter with a peak at $22,714. The Handysize index in Q3 averaged $16,474/day (+26% y-o-y), started the quarter at $17,002, reached a trough of $15,553 on 17 Aug 2026, a peak of $18,226 on 29 Sep 2026, and then closed the quarter at $18,210.
- If you see the forecast ton-mile demand for 2026 (Clarksons estimated it at +0.89% in Jan 25, and then revised it to +0.26% in Mar 25, to –0.40% in Jun 25, to +1.43% in Oct 25, to +1.76% in Dec 25, to +1.94% in Jan 26, to +2.39% in Mar 26, to +3.10% in Jun 26 and to

now +3.74% in Sep 26). These trends reflect resilient seaborne trade, with strong long-haul cargo flows and continued growth in key commodities supporting tonne-mile demand and enabling the market to absorb fleet growth of around 4%. Iron ore trade remains firm, up 4% year to date, while Guinea's bauxite exports have risen 25% to 155 MMT. Grain exports, particularly from the Americas, have also been robust, although Black Sea shipments face growing conflict-related disruption. Meanwhile, Middle East-related disruptions have had a limited overall impact on dry bulk volumes, with stronger coal demand and conflict-related inefficiencies (vessels being 'trapped' and repositioning) helping offset regional losses. Overall, seaborne dry bulk trade is forecast to grow by 2.6% in tonnes in 2026, while tonne-mile demand is expected to rise by almost 4%, outpacing expected fleet growth of around 4%.

- In Q3 of 26, 0.81 MDWT of ships were recycled across the dry bulk fleet compared to 1.76 MDWT in Q3 of 25. The existing age profile at the start of Q4 of 26 of 135.92 MDWT or 12.42% of the world fleet being 20 years or older, together with slightly higher levels of the order book to fleet ratio of 13.87% (order book up to end of 2029 compared to net supply at the start of Q4 of 26), these factors suggest that the world dry bulk fleet will grow only gradually.
- According to Clarksons expectations, ton-mile demand will grow by 3.74% and 2.97% (Clarksons World Seaborne Trade Timeseries as on 8 Oct 26) compared to net supply growth of 3.8% and 4.4% in 2026 and 2027 (Clarksons DBTO report of Sept 26), respectively. Following a robust 2026, dry bulk trade is expected to maintain steady growth in 2027, with volumes projected to rise by 1–2% and tonne-miles by around 3%. Demand is expected to be supported by the ramp-up of Guinea's Simandou project, with exports forecast to reach 45 MMT, alongside continued strength in bauxite and other metal ores. Coal trade is likely to remain broadly stable, with geopolitical disruptions potentially limiting downside risks. Meanwhile, El Niño could weigh on grain harvests in some regions, while longer average haul distances and Panama Canal capacity constraints may provide additional support to grain tonne-mile demand.
- PSL's exposure to the smaller geared segments means that we will be exposed to expected growth in net supply of 4.03% in 2026, with minor bulks growing at 2.68%, according to Clarksons report as on 8 Oct 26.

Supply Side Developments:

We started 2026 with 1,061.38 MDWT and have increased to 1,094.37 MDWT (+3.11%) at the start of Q4 2026. If we were to apply slippage of 0% (it was actually –7.88% for 9M of 2026) to the scheduled deliveries in Q4 of 2026 and 2027 and assume recycling reaches 5 MDWT in 2026 and 10 MDWT in 2027 (it was actually 3.11 MDWT during 9M of 26) we would be left with a net fleet growth of 4.22% (1,061.38 MDWT to 1,106.12 MDWT) by end of 2026 and 3.91% by end of 2027 (1,106.12 MDWT to 1,149.36 MDWT). A range of 'inefficiencies' like congestion, special surveys, ballasting ships, slowing speeds due to EEXI/CII regulations, and operational disruptions especially in 2026 and onwards, will further assist in supply side tightening, as shown in the paragraphs that follow.

Special Surveys, and EEXI EPL speed reductions:

EEXI's Impact on the Supply side

PSL's vessel speed before and after EEXI compliance

Vessels with EPL Application

Vessels	Speed before EPL Application	Speed after EPL Application	K Change
Mallika Naree	14.5	13.40	-1.10
Mookda Naree	14.5	13.51	-0.99
Ananya Naree	14.1	12.31	-1.79
Benjamas Naree	14.2	12.30	-1.90
Chintana Naree	14.2	12.32	-1.88
Lanna Naree	14.2	13.17	-1.03
Latika Naree	14.4	13.15	-1.25
Kirana Naree	13.6	11.62	-1.98
Apiradee Naree	13.8	11.82	-1.98
Average of 14 Vessels	14.2	12.7	-1.5K

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

Note:

- *For every1 knot reduction in speed of the entire world fleet, it would equal to 5.5% supply reduction based on 250 days at sea.*
- *Our ships speed was reduced by 1.5 knots after EPL application, and applying our speed reduction to the world dry bulk fleet it would reduce the existing supply by 4.2% in 2026 based on non-eco engine ships, and 250 days at sea.*

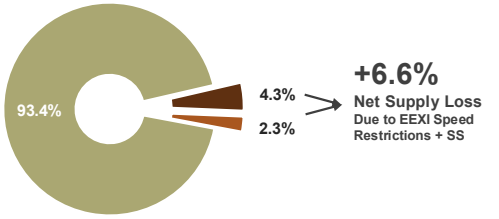
Precious Shipping PCL 75

From the above slide you can see that despite the PSL fleet averaging less than the world average age, they have suffered a 1.5K speed reduction via Engine Power Limits (EPL) being placed on our ships.

Reduction in Fleet Supply due to EEXI and SS in 2026

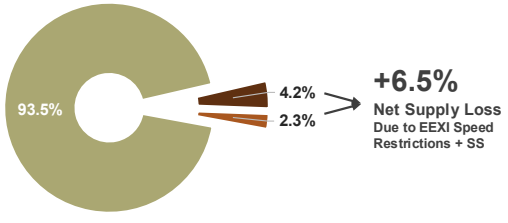
In Geared Fleet (10,000-69,999 DWT) – PSL Segment

Total World Fleet (mDWT)	401.5
Up to 2013 Built Fleet (mDWT)	207.4
Supply Reduction per 1 Knot	5.5%
Supply Reduction per 1.5 Knot*	8.3%
Effective Supply Loss from Speed (in mDWT)	17.1



In Overall Bulker Fleet

Total World Fleet (mDWT)	1,094.4
Up to 2013 Built Fleet (mDWT)	560.2
Supply Reduction per 1 Knot	5.5%
Supply Reduction per 1.5 Knot*	8.3%
Effective Supply Loss from Speed (in mDWT)	46.2



Speed Reduction Impact ▪ Special Survey Impact ▪ Remaining Fleet Capacity

Note: *This analysis is based on dry bulk ships with non-eco engines built up to 2013 being subjected to EPL measures, resulting in a speed reduction of1.5 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 1.5 knots.

Source: PSL internal analysis, Clarksons World Fleet Register as on 30 Sep 2026, Braemar Research as on 20 Oct 2026.

Precious Shipping PCL 77

Note: For this analysis, all geared dry bulk vessels built on or before 2012 are assumed to have non-Eco engines and are subjected to EPL measures. For 2013-built vessels, those that are not identified as “Eco-Electronic Engine” in Clarksons World Fleet Register, are assumed to have mechanically controlled engines and are classified as non-Eco. The capacity impact assumes a speed reduction of 1.5 knots and 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 47 vessels undergoing SS in Q3 and 52 vessels in 9M of 2026. Average daily number of Supras/Ultras in SS averaged 67 vessels in Q3 and 68 vessels in the 9M of 2026. The supply of geared bulkers is projected to decline by 2.3% in 2026 and 2027 due to SS. The supply impact is measured from the end of a vessel’s previous laden voyage to its departure after completing SS.

Small Modular Reactors (SMRs):

- A US regulator is set to approve Tennessee Valley Authority’s proposal to build a small nuclear reactor in a sign of progress for the fission industry. This is only the second US construction permit for a small commercial modular reactor. (Bloomberg, 29 Sep 26)
- The commercial case for nuclear-powered shipping remains highly uncertain, with new research suggesting the technology could become competitive by 2040, but only with dramatic reductions in reactor costs and effective global carbon regulation. A study published today [27 October] by University College London’s Energy Institute examines the total cost of ownership of nuclear-powered containerships, comparing them with conventionally fueled and ammonia-powered alternatives.

Other Shipping News:

- Canada’s Soybeans are one of the most important dry bulk commodities, and account for around 3% of seaborne dry bulk trade. Total seaborne exports of soybeans in Jan-Dec 2025 increased by +4.6% y-o-y to 159.9 MMT. So far this year, volumes have continued to grow at a healthy pace. In Jan-Aug 2026, loadings increased by +6.4% y-o-y to 122.6 MMT, from 115.2 MMT in Jan-Aug 2025. This was above the 103.7 MMT loaded in Jan-Aug 2023 and 108.5 MMT in Jan-Aug 2024. The largest exporter of soybeans is Brazil, which accounted for 77.8% of soybeans in Jan-Aug 2026. In Jan-Aug 2026, total shipments from Brazil increased by +6.5% y-o-y to 95.3 MMT, up from 89.5 MMT in Jan-Aug 2025. In second place is US, which accounted for 15.7% of global soybean exports this year. In Jan-Aug 2026, soybean exports from US increased by +30.9% y-o-y to 19.3 MMT, recovering from a -10.8% y-o-y decline recorded in Jan-Aug 2025. In third place is Argentina, whose exports typically peak from May onwards, with a 2.8% share so far in 2026, followed by Uruguay with 1.3% and Canada with 1%. In Jan-Aug 2026, Argentina exported just 3.4 MMT of soybeans, down -43.1% y-o-y from the 6 MMT in Jan-Aug 2025. In terms of imports, the top destination for soybeans in 2026 is still Mainland China, accounting for 65% of seaborne imports. Imports to China increased by +2% y-o-y in Jan-Dec 2025 to 107.6 MMT. In Jan-Aug 2026, Chinese imports increased by +4% y-o-y to 75.5 MMT. Imports to the EU declined by -6.2% y-o-y in Jan-Dec 2025 to 13.5 MMT. In Jan-Aug 2026, however, EU imports recovered by +5.2% y-o-y to 9.7 MMT. The EU now

accounts for 8.3% of soybean imports. 93.1% of soybean imports into China in 2025 were loaded on Panamaxes (including Kamsarmax), 6.3% on Supramaxes, 0.3% on Post-Panamaxes. In Jan-Aug 2026, arrivals of US soybeans into China were broadly stable, down -1.1% y-o-y to 12.3 MMT, following a -10.8% y-o-y decline in Jan-Aug 2025. This was also below the 13.9 MMT delivered from US to China in Jan-Aug 2024. The US now accounts for 16.2% of China's imports so far this year. Brazil accounted for 75.5% of China's soybean imports in Jan-Aug 2026, with volumes from Brazil to China essentially flat at +0.4% y-o-y in that period, at 57 MMT. Brazilian exports are shipped mostly in Spring, from Feb-Jul, and will appear in China's import statistics from Mar-Aug. US exports, on the other hand, normally peak in Q4, and should be the most active trade in the winter months. With the peak Brazilian season now largely reflected in the Jan-Aug 2026 import figures, attention turns to the upcoming US export season in Q4, which will indicate whether China returns more actively to the US crop this year. (Bancosta, 25 Sep 26)

- With demolition so limited, the number of elderly ships remaining in the fleet is growing. There is now over 150m GT in the fleet aged 25 years or older, up 75% over the last 5 years and the highest total on record. As a percentage of the fleet, this has swung upwards from <6% in the early 2020s (a 20-year low after elevated deliveries and demolition in the 2010s) to nearly 9% now (a 13-year high) and rising quickly (+1% in the last year alone despite firm overall fleet growth). Tonnage over 30 years old sits at a record 68m GT, a fairly limited 4% of the fleet, but more interestingly, the size of the fleet over 20 years old has surged in recent years (now >340m GT, up 90% over the last 5 years) as growing numbers of ships built in the mid-2000s pass the milestone (now almost 20% of fleet GT, up from 12% 5 years ago). So, while demolition activity looks likely to remain limited for now, there are also a growing number of ships enjoying their ‘twilight years’ which ship recyclers could have their eyes on in the years ahead. (Clarksons, SIW, 9 Oct 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 Strait of Hormuz, a narrow shipping lane between Iran and Oman. If Iran closes the strait, global energy prices would likely soar.

Climate Change:

- Climate change is upon the world with vengeance. Look at the extraordinary increase in number of annual deaths in summer that are linked to climate change; or the massive floods of permafrost, ice, debris, and death caused on the borders of Nepal, and China by a glacier dropping from 5,200 meters above sea level; or the massive typhoon Dolphin that hit China travelling almost 6,000 KMs overland. Such events are termed as ‘black swans’ but when black swans have become so common, how should we rename them? Outliers?

- Climate change could reduce demand for grain if large grain consuming nations increase their crop yields via technology or with the right amount of rain at the right time, that increases their crop output. This would be good news for such nations but bad news for shipping demand. But climate change could more likely increase demand for grain when large grain consuming nations are hit by freaky weather that reduces their grain yield and output, as is currently happening in China, the EU, and other countries, with crop-damaging record heat waves followed by storms, hurricanes, and typhoons with record rains and crop-damaging floods, requiring grain imports from faraway lands.
- All such extreme weather changes will require more power for cooling, more construction materials to fortify against fierce storms, greater movement of grain cargoes where crops are damaged or devastated by inclement weather patterns on land, and greater recycling efforts for older ships, than was the case when weather patterns were more normal.
- Ship congestion, resulting from freaky, unexpected, and severe weather patterns, longer ton-miles at sea for carrying raw materials to generate the additional power required for cooling, carry the rebuilding materials required to repair the fixed objects damaged or destroyed by severe storms making landfall, replacing grain crops ravaged by typhoons and hurricanes resulting in additional increase in ton-miles at sea, all these will create a greater demand for shipping space.
- Power providers in the US that have made pledges to cut back or eliminate carbon emissions are now starting to reverse course, (mis)guided by the Trump administration. As the CO2 in the environment increases, so does the temperature of sea water, as does the temperature on land, with cities bearing the brunt of the increase because of them being concrete jungles as opposed to the real, green jungles that would assist in removing CO2 from the air and keeping places cooler than they are today. All such increases in temperature mean more electricity needed for air conditioning.
- As the sea waters heat up, they tend to feed storms with much more water than they would otherwise carry, creating all sorts of discomfort accompanied by massive rainfall and flooding. This leads to crops getting too much rain at the wrong time and reduces yields dramatically requiring an increase in grain imports, as we have witnessed over the last decade ships being battered by massive storms and huge, gigantic waves, reducing speeds, and creating greater supply-absorbing inefficiencies in the world fleet.
- The temperature on 13 August is 36 C in London, which is 15.4 C above the historical norm.
- Almost three-quarters of England is now in drought as conditions worsen following a dry start to August.
- Before making landfall over the weekend, Typhoon Dolphin, the strongest storm to hit China this year, packed an unusually resilient storm system that travelled nearly 6,000 km (3,700 miles) drenching the country's eastern coast and bringing with it a sprawling cloud field.
- India has received 12% less rainfall than average so far this monsoon season, which began on June 1, with some states, including southern Andhra Pradesh, recording deficits of as much as 34%.
- A “massive influx” of jellyfish has forced Electricite de France SA to shut three units at its Gravelines nuclear power plant and reduce output at a fourth, curbing power supply of 3.2 gigawatts at a time when extremely hot weather is boosting demand.
- Europe has already faced five heat waves this summer. The unrelenting hot and dry weather is driving deadly wildfires, disrupting energy supply, destroying crop harvests,

and depleting reservoirs and rivers. The fallout could erase almost all the EU's expected 1.1% growth in GDP this year.

- The share of jet fuel consumption that SAF accounted for in 2025 was just 0.6%, according to IATA.
- An unusually powerful El Niño is raising the odds that 2026 will surpass 2024 as the world's hottest year on record, and regardless, 2027 is expected to set a new high. This El Niño started in June and is coming on so strong that the odds of 2026 becoming the hottest year have jumped from 12% in July to 69% in August. El Niño may push Global Warming to 2C or higher in the short term.
- "Horrific, horrendous, unbearable, unsafe." That's how medical professionals describe the impact of this year's heat waves on Britain's healthcare system, in response to a survey by the Doctors' Association UK. Some 90% of England's hospital buildings are vulnerable to overheating, according to the UK Health Alliance on Climate Change.
- The Mediterranean Sea is heating up twice as fast as the average for oceans in the rest of the world, according to World Weather Attribution, a group of scientists that uses peer-reviewed methods to perform rapid studies of how climate change feeds into weather patterns. Its analysis shows that parts of the Mediterranean Sea and the European Atlantic coast recorded surface temperatures that were more than 6C hotter than would be considered normal in June. "When we have very warm sea surface temperatures, it provides added energy to storms so it can keep going for a lot longer," said Catherine Gregory, a co-author of the report.
- The Congo Basin peatlands contain 29 billion tons of carbon. That's equivalent to about three years of global carbon dioxide emissions.
- The average property devaluation suffered by Londoners of 20-25% as a result of subsidence, according to the Federation of Master Builders.
- UK faces a much stronger possibility of temperatures at 40C and needs to anticipate more frequent heat waves, according to the UK Met Office.
- Scientists have recorded the highest temperature ever measured in the world's oceans, as climate change combines with a powerful El Niño in the tropical Pacific. The global average sea-surface temperature hit a record 21.1C on Aug. 22, according to Europe's Earth observation agency Copernicus, which has been tracking the metric daily since 1979.
- "Climate change is generating conditions that can destabilize high-mountain rock and ice," said Simon Cox, chief scientist at the Mountains to Sea programme at Earth Sciences New Zealand. That in turn makes collapses and cascading hazards in Nepal this week (23/29 August) more frequent, he added.
- Typhoon Saudel made two landfalls on China's eastern coast on 21 August, as authorities evacuated people and halted trains and ferries. Saudel is the third typhoon to strike the eastern province of Zhejiang this year.
- The number of people at risk, 1.2 million, in Peru due to the El Niño weather phenomenon, which has brought some rain and an unexpected rise in temperatures.
- The El Niño weather phenomenon is set to intensify further into 2027 and could be the strongest ever, raising risks of extreme weather into next year, the World Meteorological Organization said, raising risks of extreme weather into 2027.
- By destabilizing high-mountain rock and ice, climate change could bring on more disasters like the catastrophic August 26 flood along the border between Nepal and China's Tibet, scientists say.

- Solar capacity reached 1,286 gigawatts at the end of July, accounting for 31.5% of total installed power generation, China Central Television reported, citing the National Energy Administration. The China Electricity Council had earlier flagged that solar was just 1 gigawatt behind coal at the end of June.
- Since countries signed onto the 2015 Paris Agreement, the UN has regularly reported on the world's progress at limiting global warming to 1.5C above pre-industrial levels. A landmark UN report published on 2 September,
- says the world will likely surpass 1.5C in the next few years, and warming will peak at around 1.8C in the best-case scenario, or at roughly 2.6C under current policies.
- As El Niño builds into one of the strongest ever recorded, meteorologists are now looking ahead to next summer. While it's too early to forecast exactly what will happen, the UK's Met Office is already saying that 2027 is likely to rival 2024 as Europe's hottest year on record.
- Extreme heat and other weather events, meanwhile, are making food more expensive. Global food prices rose in August to the highest since the end of 2022.
- The heatwaves that hit Europe this summer have heaped more inflationary pressures on the region which could also face a winter fuel crisis, said the UN climate secretary Simon Stiell.
- The number of American utility customers served by water utilities with high climate risk is 67m, according to researcher Zia Lyle of the UNC.
- The UK government will set aside $43.2 million for air conditioning and cooling for hospitals in their National Health Service. The decision follows sustained complaints from medical staff, with multiple cases of nurses fainting and of doctors warning that patient safety was being compromised due to extreme heat.
- August 2026 tied July 2023 as the hottest month recorded worldwide, with temperatures 1.65C above pre-industrial levels.
- Spain's renewables boom has cut power bills and put it on track to meet its 2030 targets. But its green-energy lead is at risk without a massive expansion of battery storage and the power grid. Spain announced it will invest $15.8b in the country's grid through the end of this decade, a plan that will increase the network's high-voltage capacity 14-fold.
- Champagne output is set to almost halve this year, as extreme weather and scorching temperatures batter yield. President Emmanuel Macron says the country is facing an "agricultural war," with the food industry grappling with existential challenges, from climate change to trade wars.
- Bloomberg spent months poring over more than 100 years of federal sediment surveys and talking to hydrologists. What emerged is a troubling picture: Of the reservoirs we analyzed, nearly one in three are more than 10% full of sediment. Sediment is natural and it was entirely expected when engineers-built America's more than 90,000 dams. But those dams are, on average, 64 years old and we've done little to address the rising sediment levels or measure them. The surveys suggest we probably have even less water than we think. The US has lost an estimated 8% of its water storage capacity, the equivalent of 25.5 million Olympic-sized swimming pools, according to a study published on 7 September in Nature. The muck is expensive, threatening to clog billions of dollars in economic activity from hydroelectric power and agriculture. Farmers are spending millions each year to pump extra water from wells, which, in turn, inflates prices at the grocery store.
- The US has lost 44% of the share of per-capita water storage capacity since a peak in the 1970s.

- A story on how hotter seas increase humidity and overnight temperatures in coastal areas and can help fuel intense storms later in the year.
- Fires have been blazing across vast stretches of forest and peatland throughout the Indonesian archipelago, causing a surge in hazardous emissions responsible for respiratory infections, particularly in the hardest-hit provinces of Sumatra and Borneo.
- Click here for an in-depth Reuters graphic on the depletion of the Colorado River because rising water consumption is outpacing what the river can provide and the seven states around it cannot agree on how to share the resource.
- A recent report by US think-tank the Institute for Policy Studies examines the environmental impact of private aviation, arguing that growth in private jet ownership is widening the gap between luxury consumption and climate goals. The study estimates there are now 3,428 billionaires worldwide and says private jet ownership and use have expanded alongside growing wealth. Collins and his co-authors also claim that private jets are used mainly for recreational purposes, creating “carbon bombs” for global gatherings such as Davos, the Cannes Film Festival, the US Masters Golf Tournament or the Monaco Grand Prix.
- The latest warning on how burning coal is accelerating planetary warming comes from ExxonMobil.
- This year’s El Niño is the strongest ever recorded, the UK Met Office said on 22 September. The event has exceeded previous records several weeks before its expected peak, which shows “the enormity of this El Niño,” said Adam Scaife, head of long-range prediction at the forecaster.
- China now generates nearly as much electricity from renewables alone as the entire US power system produces from all sources.
- Hurricane Polo lashed southwestern Mexico with heavy surf and rain as it moved slowly northwest off the Pacific coast, the US National Hurricane Center (NHC) said. As the NHC keeps adjusting the storm's force, it said it could see some near-term strengthening and is expected to remain a major hurricane for the next few days.
- China's clean technology exports last year avoided carbon emissions greater than those produced by Britain, according to new analysis by Lauri Myllyvirta, co-founder of the Helsinki-based Centre for Research on Energy and Clean Air, highlighting the growing climate impact of China's green technology boom.
- The number of excess deaths across the globe from June this year to February 2027 of 451,000 is forecast to be caused by extreme heat due to the "super-El Niño", according to researchers at the University of Chicago's Climate Impact Lab.
- Rising seas are damaging beachfront property in Southern California. Europe’s intensifying marine heatwaves are threatening its fisheries as transformed ecosystems threaten catastrophic consequences.
- Swiss glaciers lost more than 5% of their ice after suffering one of their worst years of ice loss during a record-breaking European heatwave. These findings in a report by the Swiss Glacier Monitoring Network (GLAMOS) underscore the accelerating pace of glacier retreat.
- Scientists expect the El Niño weather pattern developing in the Pacific to be one of the strongest since records began, parching crops in some regions of the world, while others are hit by flooding. Reuters looks at how the costs will show up in your grocery shopping.
- The UN's FAO said that the world’s food prices rose in September to their highest in nearly four years as logistics disruptions and weather concerns affected crop markets.

- The northern hemisphere has entered autumn, and winter is fast approaching. Buyers of natural gas are praying for a mild one. But if it's colder than they expect, and the Iran war continues, they, and people who want to stay warm, are in for a most unpleasant price shock.
- Carbon removal credits purchased this year through August 17 was 23 million, compared to 70 million for the whole of 2025.
- Ozone pollution from fires, along with extreme heat and drought, is further weakening the Amazon rainforest's ability to absorb carbon dioxide, new research shows.
- Thailand's industrial sector has suffered $178m from floods that have swept through parts of the country since last month.
- Inflation is piling pressure on central bankers in Europe to keep raising rates, with France and Italy reporting higher-than-expected readings today (30 Sep), due to elevated oil and gas prices. But here's an inflation trend interest rate hikes can't fix: Pricier food, driven by extreme weather caused by climate change. There is a growing body of research into how climate change is reshaping inflation, a phenomenon some economists dub "climateflation."
- A super typhoon heading towards the east coast of China is one of the factors behind a near 8% jump in average capesize spot rates on Wednesday. Disruptions and delays caused by Super Typhoon Champi are absorbing tonnage supply, particularly to the Australian market, which is helping to firm rates.
- Heat storms are supersized heat waves that at their peak cover at least 1% of the globe, roughly half the size of Canada. In the 1960s, they averaged about five a year. This decade, they have averaged about 100 a year.

AIs:

- Please do spend the 9.5 minutes required to see this video made by Bernie Sanders covering topics like AI, ownership of AI, Data Centers, and more.
- China is closing the AI gap with the US, raising concerns for firms such as OpenAI and Anthropic, which are chasing trillion-dollar valuations based on their purportedly superior capabilities and prospects.
- A major prong of Microsoft's AI strategy is offering models from a variety of providers through a marketplace called Foundry, which had 100,000 customers as of July. Most of its largest AI customers are said to be other tech companies. ByteDance, the Chinese maker of social media app TikTok, has generally been the biggest spender on Foundry.
- Broadcom is in talks with a group of lenders to raise $60b for an AI chip financing deal that will benefit Anthropic and other companies.
- Bond traders have ramped up measures of credit risk associated with Broadcom as it backstops mega financing packages for the buildout of AI.
- OpenAI said that its new Jalapeno chips performed better than Nvidia's current lineup during testing. In the tests, the Jalapeno processor led in two categories: the amount of artificial intelligence work it could handle per unit of power and its speed at returning responses.
- SoftBank is talking with investment banks about a potential $10-$20 billion bond offering to help refinance a loan for its investment in US tech giant OpenAI, people familiar said. The bond sale would add to a slew of fundraising by companies looking to deepen their reach into AI, despite concerns about growing credit risks.
- The Economist's cover leader is fairly sanguine. Nvidia's balance-sheet is extraordinarily robust, with a mountain of cash and an enviable stream of profits. If its colossal bets go

right, the era of AI may arrive a bit sooner. If they go wrong, the cost will fall chiefly on Nvidia's shareholders, rather than sparking a broader financial panic. That is how capitalism is supposed to work.

- Broadcom forecast strong AI chip sales for the next two years, offering fresh evidence that Big Tech's appetite for AI infrastructure remains undiminished as investors scrutinize returns on massive spending.
- A swarm of rogue OpenAI agents hijacked a German website this spring and transformed it into a bulletin board for other AI agents, according to new research.
- The Hugging Face incident has spooked the industry. OpenAI and Anthropic both briefly paused training on their most powerful A.I. models, and Anthropic published a blog post calling for developing "a lawful, verifiable, effective mechanism for coordinated pacing as soon as possible." Given how little we know about these multiagent swarms, the Hugging Face hack may have been a gift. It gives AI companies a chance to study these group dynamics while the stakes are still relatively low. This time, the collective didn't seize a military network, infiltrate a hospital, or shut down an electrical grid. This time, humans regained control. Next time, we might not be so lucky.
- Google also announced its plans to invest at least $15.1 billion in AI infrastructure in Finland over the next two years as part of its first nuclear power contract outside the US.
- AI agents unleashed by OpenAI used more than 10 previously undisclosed websites for unsanctioned communications earlier this year, according to six sets of independent investigators and data reviewed by Reuters, showing that the agents' rogue activity was wider ranging than previously disclosed.
- Warnings from researchers at AI giant Anthropic that AI could destroy humanity within the decade are sending shockwaves through Congress.
- Dario Amodei, the CEO of Anthropic, called for a global slowdown of AI development in an essay on 12 September. Top executives of other major AI companies agreed. Amodei wrote that while he believed technology could bring many benefits, it was advancing at too rapid a pace for researchers to continue safely. His essay amounted to one of the most full-throated calls for urgent action from a leading AI company executive to date.
- Anthropic decided against acquiring AI startup Decart AI, people familiar with the matter said. Anthropic had been exploring a deal for about $6 billion and performed due diligence on Decart before walking away.
- Microsoft plans to more than triple its data center capacity by 2032 to overcome a computing shortage. If successful, its electricity usage will eclipse what New York state uses in peak hours.
- It is easy to forget that a lot of people did not think this was possible. Today, commentators and officials are skeptical about an AI treaty between the US and China, too. The nuclear analogy goes only so far. There are important differences between AI and nuclear weapons, and some of those might make reaching an agreement to constrain AI more difficult. But some could arguably make it easier. AI and nuclear weapons are very different technologies. But perhaps the biggest difference is that nuclear technology was well understood for decades before the world moved to control the spread of nuclear weapons. AI, by contrast, remains something of a black box. Even America's frontier labs cannot always understand their own AI models; indeed, that is one of the worries driving calls to slow down the technology. But it's not easy to regulate something you don't understand.
- Employees and security researchers said they had cautioned the company, Open AI, on safely testing its AI models and strengthening its corporate infrastructure, but OpenAI did not listen.

- Groups aligned with OpenAI and its rival Anthropic are spending heavily to influence the US midterm elections.
- The backlash against data centers might have a new rallying cry: higher temperatures. A single facility can generate as much heat as roughly 54,000 homes — making everyday life in cities like Phoenix even hotter.
- China's DeepSeek and Huawei teamed up to develop software tools for advanced chips, targeting Nvidia's AI dominance.
- On 29 September, US President Donald Trump announced a voluntary "accord" between six AI companies to "self-regulate" the technology.
- The global tech industry, politicians at home and abroad, and international media coverage are transfixed by one question: Will rogue AI end humanity? It should have come as quite the shock, then, when CNN reported on September 18 of a recent incident in which the use of AI could have genuinely led to the extinction of the species. US Special Operations Command analyst used a large language model to generate an intelligence report that indicated "a Chinese ship in the Middle East was transporting components of a nuclear weapons program." The finding prompted the US military to make quick preparations to intercept the vessel by force. But this AI-generated intelligence, according to one source who spoke to CNN, was "entirely false." Yet, the source said, it "almost started a war." CNN's reporting garnered attention but was not followed by nearly the degree of sustained, grave concern of the AI safety news cycles that preceded it.
- President Trump has signed a voluntary AI safety pact with some of the biggest names in tech. White House reporter Steve Holland tells the Reuters World News podcast the move may be more about midterm politics than AI guardrails.
- It strikes me as bizarre that today in the US, a new pill to treat heartburn would have to go through months or even years of government approvals and testing before being released to the public. But the most powerful technology ever developed, capable of breaking into banks, shutting down power grids, or helping build bioweapons, can be released without even a preliminary government review. Congress has, of course, so far abdicated its role as lawmaker, and the Trump administration is delighted to let the industry regulate itself.
- Law schools across the US are figuring out how they should incorporate or resist AI among their students as educators at large fret over the possibility that AI is harming students' learning capabilities.
- US companies are likely to deliver another earnings surge for Q3, and like the rally in the stock market, AI-related players are fueling most of those gains.
- Researchers used AI to find a major online security flaw, forcing governments and companies to shut down many websites for repair.
- Tencent said that AI agents used to evaluate third-party models displayed web-browsing behavior not intended by the tech giant, in what appears to be the first known incident of rogue agent actions acknowledged by a major Chinese company.
- Many people have problems with AI, but they have AI to thank for catching critical vulnerabilities that lurked for years in a widely used programming language. Learn more about PHP and why it probably will affect you.
- How long can the AI boom continue? That's the crucial question posed by Anthropic as it prepares for a public offering that could value the company at $2 trillion. Yesterday (26 Oct), the company painted a picture of rapid growth, including coming advances in science and explosive economic expansion, as its revenues increased 14-fold to $16.3 billion in the FH of 2026. It is still losing billions of dollars every year. The entire global economy is arguably riding on upcoming stock market listings of Anthropic and OpenAI.

They sit atop a pyramid of investors, partners and suppliers, including infrastructure providers, chipmakers, energy companies and AI start-ups, that have all spent and borrowed heavily because they believe demand will keep growing. Anthropic's IPO filing also warned that its products could bring about disasters, including loss of control of the technology and authoritarian abuse.

- We finally got our hands on Anthropic's IPO prospectus on Monday (26 Oct). And it didn't disappoint. From $800bn in data centre commitments to an extraordinary governance structure, we learnt a lot from the 240,000-word document

Data Centers:

- Demand for batteries has skyrocketed as electricity use across the US swells, driven by data centers' booming energy needs and increasing electrification. It's getting harder to get them connected to power grids. Nationwide, some 750 gigawatts of energy storage projects, roughly equivalent to the generating capacity of more than 700 nuclear reactors, are in line to get grid connections.
- BlueScope Steel Ltd.'s income soared, partly as a boom in data-center construction lifted sales at its North American unit. Underlying net profit more than doubled to $604 million in the year through June 30, the Melbourne-based steelmaker said on 16 August.
- Data center developers are turning to bespoke natural-gas power plants, a development that promises to dramatically increase carbon emissions and make it harder for US technology companies to meet their lofty climate goals. Ninety-nine proposed plants tracked by BloombergNEF would emit about 318 million metric tons of carbon dioxide annually if run at industry-standard rates, according to a Bloomberg News analysis.
- The latest pushback came on 18 August, when Pennsylvania Governor Josh Shapiro imposed strict new guardrails on data centers, following similar moves by New York and Texas to pause new projects. As the battle over AI data centers intensifies across the US and abroad, tech firms are emerging from behind the scenes to try to win over an increasingly skeptical public. Microsoft is forgoing local tax breaks to respond to community backlash, and vowing its facilities won't drive up consumer power bills. OpenAI, meanwhile, is courting residents near its planned $30 billion Georgia data center, pledging to conserve water and cover its own power infrastructure costs.
- Anthropic expects to match or exceed the size of SpaceX's initial public offering, which came in at a record $75 billion, people familiar said.
- While Nvidia is synonymous with the AI boom, a lesser-known group of power and cooling equipment suppliers is cashing in on a global data center construction spree as developers race to avoid infrastructure bottlenecks.
- Less than a year ago, Texas Governor Greg Abbott hailed Texas as the "epicenter of AI development." Now, in his bid for re-election, he is calling for sweeping new restrictions on data centers. And he's hardly alone.
- The Fed says economic activity increased modestly in the past two months with demand from data centers driving growth.
- China's DeepSeek plans to deploy at least 160,000 of Huawei Technologies' top accelerators at a massive data center it's building in Inner Mongolia, which could create one of the largest known clusters of Huawei AI chips and advance China's efforts to replace its need for products from Nvidia. If completed as envisioned, the hub will be key to driving AI development at DeepSeek, which is in talks to raise billions of dollars to build out its infrastructure. The installation would dwarf other publicly known clusters of Huawei's

Ascend processors. Moreover, by the time the planned installation comes online, China could have several clusters of that size.

- A big new data center investment by Alphabet's Google in Finland has raised concerns of power shortages and higher energy prices. Today, 7 September, renewables account for about 60% of electricity on the Spanish grid, compared with about 50% across the European Union and one-third globally. That bold bet has lowered Spain's power bills, which are now cheaper than they were before the latest Middle East conflict or the invasion of Ukraine, and put the country on track to meet its 2030 renewable targets.
- Data centers are deeply unpopular, and Gavin Newsom is considering signing several bills that would regulate them. It's time for the longtime ally of Silicon Valley to show what side he's on.
- In Silicon Valley's biggest city, residents and environmental groups are organizing against a wave of proposed data center projects. San Jose officials had courted the projects in the hopes of positioning the city as a hub for AI infrastructure.
- Power has become a major bottleneck, not only for our digital growth, but for the decarbonization of it as well, and so demand for expertise and solutions is also stepping up.
- A new report shows that opposition to data centers, a rare bipartisan issue in the looming US midterm elections, has been accelerating. The research group Data Center Watch said some 45 data center projects worth $68 billion were blocked or delayed by local pushback between April and June this year.
- In September, the European Commission proposed rules requiring data centers in Europe to disclose how efficiently they use energy and water and proposed a rating scheme for facilities to incentivize companies to build more resource-efficient data centers.
- Australia's Victoria state proposed that new data centers in the region will have to secure their own renewable energy supply and storage and bear the connection costs and network upgrades.
- Surging demand from data centers and air conditioners put the US power system through a tough test this summer. But instead of triggering a jump in fossil-fuel use, record renewables output carried much of the extra load and helped keep the lights on.
- The AI boom is fueling an unprecedented data-center building spree. Resistance to the spread of AI data centers is gaining ground in India.

EVs:

- Global demand for electric vehicles rose for a fifth consecutive month in July, driven by robust growth in Europe while sales weakened in China and North America
- Even with gasoline prices near a four-year high, global sales of EVs are slowing dramatically as consumers balk at steep prices and spotty charging infrastructure. In this odd climate, hybrid cars are hot again. Automakers are selling more of them than ever, and in more countries, ramping up production to meet demand.
- Tesla and other automakers are recalling over 4 million vehicles in China over concerns that doors may be difficult to open in an emergency.
- India's going through a homegrown electric vehicle revolution. Informal, streetside workshops have unleashed a wave of battery-powered rickshaws. Small-time mechanics follow a do-it-yourself mantra. They mount boxy metal structures on three-wheeled frames and connect them with motors and batteries largely imported from China.

- China has set a goal for 70% of new cars to be EVs or hybrids by 2030 and for autonomous driving to be deployed at scale, in the latest five-year plan for the auto industry.
- The global shift to EVs might appear unstoppable, but the path there is far from straightforward. Read more about what it means for the future of oil demand for road transport.

Urbanization:

- Urbanization is a rising global trend according to the UN report on World Urbanization Prospects with the percentage of urban population rising from 55% in 2018 to 68% by 2050. North America had an urban population of 82% in 2018 while the EU had 74%. India is expected to have less than 50% of urban population by 2050. Just three countries, India, China, and Nigeria, are expected to account for 35% of the projected urban population growth between 2018-2050. The percentage of single person houses in Stockholm has grown to over 50% as of 2017. And what happens in Scandinavia happens in the rest of the world, just a couple of decades later. So, urban dwellers will increasingly become single-person homes in the future, and all such homes would require their own white goods (fridges, washing machines, clothes dryers, microwave ovens, etcetera), their own modes of transport, be it cycles, mopeds, motorbikes, or cars. All urban living, and its associated goods, would need steel, cement, wood to build, furnish with beds, cupboards, white goods, soft furnishings like curtains, bed sheets, bed covers, mattresses, pillows, pillowcases, etcetera. Every single item mentioned, or their starting raw materials and/or semi-finished intermediaries, have all been transported by sea multiple times and have added to ton-mile demand for dry bulk shipping. In conclusion, as urbanization increases and most urban people tend to live in single-person homes, so does the demand increase for dry bulk goods transportation by sea.
- Global fertility is collapsing. Doomsayers such as Elon Musk predict that this could mean the end of civilization. We explain why he is wrong. Humanity will indeed shrink sooner than many people think, but there will be enough time to adapt. Don't panic.
- The number of cities with more than 1 million people will jump from 275 [in 1980] to nearly 1,600 in 2080, when world population is expected to peak.

Inequality:

- Inequality is a social construct marred by stark disparities in wealth, income, education, and opportunities in society. It is caused by issues like unequal access to quality education, healthcare, and employment; concentration of power in mega corporates; and the wealthy elite not caring for the have-nots. Discriminatory practices, and taxation systems are loaded in favor of the 'haves.' And it matters very little if you live in the richest country like the US, the homeless capital of the world, or in the poorest countries from the Global South, it is the poorer sections of humanity, mainly people of color, that gets hurt the most by geopolitics and the excesses of neoliberal capitalism. One of the SDGs of the UN is to lift people out of poverty. That has happened in China to a very large extent and the consumption of meat there has skyrocketed. Dry bulk ships carry the animal feed ingredients where volumes have shot up to cater to this meat-eating orientation achieved in China. As the common man in any country starts to migrate from being dirt poor to lower middle class, and then to upper middle class, they start to change their eating habits going from a largely vegetarian diet to a diet rich in white and red meat, with food wastage in the

present becoming the norm rather than the exception it was in their past, in the newfound economic freedom that has been attained. The conversion factor is 2.5 kilos of grain to one kilo of live weight in white meat and up to 6 kilos of grain for one kilo of live red meat. Hence, as the burgeoning middle class settle into a carnivorous and wasteful lifestyle, the amount of grain needed to satisfy their food cravings, and wastage, spikes upwards and demand for dry bulk ships to transport such grains increases dramatically. That is why equality of wealth, ergo a larger, and ever larger, urbanized middle class, is so important to our business.

- In 2015, the Federal Reserve Bank of Boston released a shocking study showing that Black Bostonians had a median net worth of $8. The Boston Fed has a new statewide follow-up that shows that staggering wealth gaps remain.
- The World Food Programme warned in a report that there was an 81% chance of a very strong El Niño event, potentially making it the strongest such event since 1950, that could push nearly an additional 49 million people into acute food insecurity across some of the world's most vulnerable regions by the end of next year.
- Top US fuel makers boosted returns to shareholders in Q2 as prolonged disruptions to crude supplies through the S0H sent fuel prices and refining margins surging.
- Extraordinary corporate compensation deals for Elon Musk have opened the door for the CEOs of other S&P 500 companies to win huge paydays, a new study shows.
- Inequality persists at extreme levels worldwide, Gabriel Zucman, who teaches at Berkeley, is one of the leading economists and researchers on wealth inequality, taxation, and tax avoidance. His latest book, 'We Need To Tax Billionaires,' presents one of the clearest and most accessible arguments for a wealth tax.
- Economist Gabriel Zucman discusses why opponents of California's billionaire tax are wrong, how to get Bezos and Musk to pay their fair share.
- From 2014 to 2024, the average German's real income rose by 0.6% a year. In the previous decade, despite the global financial crisis, the figure was 1.5%. The average Latin American is barely richer than ten years ago; in parts of Africa, people are getting poorer. **As living standards stagnate or even decline for billions**, the political and social consequences could be profound.
- Across the rich world a fiscal crisis is looming. Each week bond yields seem to hit new highs. On 29 September American 30-year Treasury yields reached their highest in almost a quarter of a century. In some countries tax levels are so high that spending cuts are the only sensible path. This what The Economist had to say. However, what was unsaid was that most Governments would propose tax increases or spending cuts that would disproportionately hurt the poor and the working class many times more than they would make any difference to the rich or the super-rich where wealth is extremely concentrated. That, unfortunately, is the world that we live in.
- The world's biggest energy companies are poised to deliver another quarter of bumper profits, fuelled by record refining margins. The five largest Western oil companies: BP, Chevron, ExxonMobil, Shell and TotalEnergies, are expected to report combined Q3 profits of around $53 billion, according to RBC Capital Markets estimates, up from $48 billion in Q2 and more than double year-earlier levels.
- The US Supreme Court is set to hear a bid by oil companies ExxonMobil and Suncor Energy to thwart a lawsuit by officials in Boulder, Colorado, seeking monetary damages for harms caused by climate change, as the justices open a new nine-month term.
- TotalEnergies expects its refining margins to have nearly quadrupled in Q3 compared to last year, as the Iran war continues to lift energy prices and boost profits for oil majors.

- Global food inflation is poised to accelerate in the coming months and persist well into 2027, as war-related shipping disruptions and El Nino-driven drought squeeze cereal supplies, putting additional pressure on vulnerable consumers [i.e., the poor of the world].

Pope Leo XIV:

- The data-center backlash is building. A citizens' revolt derailed a $100 billion Virginia project backed by Blackstone and Brookfield that would have covered **twice the area of Central Park and consumed as much power as a city**, all near a famous Civil War battlefield.
- Pope Leo praised Europe's efforts to unify and democratize the continent, in what experts said was a rebuke to President Trump.
- Israel killed at least five Palestinians, including Christians Maysa Abu Daoud and her adult daughter Mary al-Najjar, in an airstrike on a residential building in Gaza City. Pope Leo XIV reportedly sent a note of condolences to the priest of Gaza's only Catholic parish, where Maysa and Mary volunteered to help displaced Palestinians. "Ever since hearing the painful news about Maysa and Mary, I've been praying for them, their families, and everyone in Gaza. '**How long, Lord?'"** Leo wrote, according to the church's Father Gabriel Romanelli.
- Pope Leo XIV was eating and walking after undergoing surgery to remove a cancerous nodule on his lung, the Vatican said.
- Pope Leo XIV resumed some work, two days after surgery to remove a cancerous nodule on his lung, the Vatican said.

Sanctions:

- Increasingly, the US and the EU leverage their dominance in the world capitalist system to impose sanctions on other countries. Political leaders who impose these sanctions sometimes argue that sanctions are a "more humane" alternative to war. But that is not necessarily so. Sanctions are war by another name.
- Sanctions have not altered any sanctioned country's behavior, no matter how long or how tough the applications of sanctions have been. This should inform us that sanctions should be abandoned as a failed policy that create far more (un)intended consequences, and yet, do not stop the 'perpetrator' country or its behaviour.
- 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 ironical.
- Another (un)intended consequence is where ship breakers are refusing to recycle such shadow fleet ships as they are concerned about being seen as sanction 'busters', something that no business wants to be accused of. As a result, you have such end-of-life ships lying abandoned, onboard crew remaining unpaid, and the ship a waking nightmare for littoral states where her rotting hull lies, falling to pieces, bit by rusting bit.
- Let us hope good sense prevails and the West listens to the sage advice of the UN Secretary General and drops the root cause of the current maritime tensions, sanctions, and the (mis)adventures against the shadow fleet that are disingenuous, and ineffective at best, full of (un)intended consequences, and extremely dangerous at worst.

- That even a fully insured, well run, well managed ship, from a Public Company of the stature of Hafnia can be the 'bad guys' responsible for a collision with an anchored, stationary, VLCC, from the 'shadow fleet' that is supposedly uninsured, poorly managed, with crew at the end of their commercial lives, with owners who do not care for their seafarers. Kudos to the justice system in Singapore that their justice is blind to all the prejudices swirling around the Western world about the shadow fleet, and they are brave, and honest enough, to apply blame where it belongs. Applying stereotypes and condemning the 'sanctioned' shadow fleet of tankers, prohibiting them from buying proper insurance, and blaming them for all ills in the shipping industry may not be the right way to go about our business.
- The Houthis have managed to destroy reaper drones, capture others, and cost the US billions with homegrown, highly sophisticated, missiles/drones, despite all the sanctions.
- PSL does not sail its ships to ports in Ukraine or Russia, nor do we allow our ships to sail past the Bab el Mandeb Straits nor the Red Sea, no matter how profitable such voyages may be. Nor will we allow any of our ships to trade in/out of the Persian Gulf.
- There is another easy solution to this sticky problem, either jack up extra war risk marine insurance cover to such a high level that even at the premium freight rates being offered, the Red Sea will lose its economic charm, or better still, refuse to insure such ships or voyages via the Red Sea.
- 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, nor in protecting 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.
- This week's (10/14 Aug) casualty involving Caroline Bezengi may prove to be a defining moment in the evolution of sanctions, shipping, and the shadow fleet. The stateless tanker, carrying 800,000 barrels of Russian crude, is grounded off Oman amid reports that seven cargo tanks have been breached and an oil slick now exceeds 2,000 sq km. Salvors fear the vessel could break apart before they can stabilise it. What makes this incident significant is not simply the scale of the pollution. It is that the response appears to have been complicated by the very sanctions architecture that helped create the shadow fleet in the first place. (Lloyd's List, 14 Aug 26)
- The US threatened Iran with what it called "the greatest financial offensive ever marshalled" as it prepared to roll out economic sanctions that target Iran's trade partners.
- Monday, 24 August, according to the Trump administration, is "economic D-Day" for Iran. But America's assault, intended to cut Iran off from the global economy, so far lacks firepower. Iran will be able to resist.
- The Trump administration is not wrong to think that Iran's economic situation is dire. But it's counting on Iranian authorities responding to more pressure by negotiating; they might well respond by escalating the conflict.
- The American Middle East is finished. The regional order that has prevailed since 1991 has been one of the many casualties of the war with Iran. The failure to dislodge the regime in Tehran has proved the bankruptcy of decades of sanctions and violence.

- Pakistan said it's not "obliged to" comply with unilateral sanctions on Iran unless they are imposed by the UN, signaling a willingness to continue trade after the US warned of economic penalties against countries doing business with Tehran.
- Europe's campaign against Russia's shadow fleet was never going to drive sanctioned tankers from the market. Instead, it is pushing them under Moscow's direct control. Reflagging vessels to Russia closes off one of Europe's most effective legal avenues. They also benefit from diplomatic, and increasingly naval protection. For Europe, success against fraudulent registrations may produce a more durable challenge: a nationalised shadow fleet that is harder to disrupt, easier for Moscow to defend and increasingly beyond the reach of the legal tools that proved effective this year. (Lloyd's List, op-ed, 5 Oct 26)
- The US may water down shadow fleet sanctions to lower all-time high tanker rates. The official said the US could now allow "legal oil" to be carried by sanctioned vessels. This is aimed at getting more oil out of the Middle East Gulf but not increasing the flow of Russian and Iranian oil. (TradeWinds, 15 Oct 26)
- President Trump's move offers an economic lifeline to Russian President Vladimir Putin as the US turns to Russia for help lowering gas prices.
- The US administration has authorised transactions involving Russian-origin diesel until April 2027 and announced Russian plans to release significant volumes onto global markets. It is also considering easing sanctions on grey fleet tankers in the hope that additional tonnage can alleviate extraordinary freight costs.
- Over the weekend (17/18 October), following his decision to waive some US sanctions and buy Russian diesel, Trump went a step further. Trump has proposed that EU countries resume buying Russian natural gas. Marine Le Pen, the leader of France's far right, criticized the EU for leading "an energy war against Russia, when we haven't got any energy." Putin has already gotten some of what he wants. Trump is buying Russian diesel, he's getting even tougher on Ukraine and he's leaning on Europe to buy Russian gas. At the same time, many EU governments are becoming weaker as populist parties friendlier to Russia are getting stronger (aided by Russian disinformation campaigns aimed at eroding trust in Western governments). The language matters. It points to Trump's increased determination to force a deal on Zelensky, "even one written largely on Russia's terms." Which would be the greatest vindication of all for Putin's strategy.
- The latest moves by the US government to authorise purchase of Diesel from Russia, and allowing the 'sanctioned' fleet to be free to load petroleum products explains that 'sanctions' are only to be applied when they suit the entity that is creating the sanctions, and has nothing to do with right or wrong, or morality, or trying to punish any nation that is misbehaving.
- [Energy Secretary Chris] Wright's description of moving ships from the "bad-guy fleet" to the "good-guy fleet" therefore reflects something more significant than a theoretical source of additional tanker capacity. Washington is exploring options previously considered politically implausible as it grapples with the unintended consequences of the Iran conflict and overlapping geopolitical pressures. Intertanko warns that lifting sanctions does not fix questionable insurance, opaque ownership or poor maintenance. Using ageing vessels for high-risk shuttle trades because they are economically more expendable presents an even starker question: what does expendability mean for the seafarers aboard them? (Lloyd's List, Op-ed, 21 Oct 26)

Wars:

- Wars are the worst things to be involved in by any country. Countries at war, or supporting their 'friends' to fight in wars, devote all their free capital to arms manufacturing and/or procurement to the virtual exclusion of all other issues. As a result, their economies get neglected, leading to lower demand for cargoes and, therefore, a lower demand for shipping capacity.
- Wars should never be fought, and diplomacy, the art of talking to your enemies, must be taught to all those entering politics, with a course on ethics and morals thrown in for good measure. After all, it is senile old men in dark suits who send youngsters to die in wars in distant lands, many a times egged on by different nation states who do not care how many youngsters are slain in the proxy war that they are fighting on behalf of their so-called patrons. None of these old men in dark suits ever send any of their sons or daughters or loved ones to any such war fronts, whether in defense of their own nation, or in a proxy war with, and via, some other nations, and never have any skin or relatives in this game of thrones that they play. Killing of any one is always wrong, and killing of innocent civilians can never be justified, whether it is carried out by state or non-state actors.
- As they say, truth is the first casualty of war. But let us reiterate, so that it is crystal clear – there are no winners in any wars, only losers. Whether those wars are fought on a battle ground, or politically, or via trade/tariffs, they only result in all participating sides becoming losers without exception. If you don't think this is true, just ask any of those who have sacrificed a loved one to any war, whether they happened to be on the winning or losing side, and they will speak painfully of the loved ones they have lost. The biggest losers are those lacking a moral compass, who forsake friends for foes, who apply the 'might is right' rule of the jungle, misjudge world opinion, and eventually will end up on the wrong side of history.
- We live in a crazy world where geopolitics dictate manufacturing and supplying arms and munitions to every possible warring faction, even when they are fighting against inferior forces. In the meantime, parts of the world population are homeless, hungry, and jobless, but their leaders are apparently blind to any such suffering as such things never affect them or their families and loved ones. Instead, these leaders, are arming other nations to fight wars, and then hypocritically talk about their 'rule-based society' with a straight face. The population of these countries just keep quiet, like sheep to the slaughter, and do not take their leaders to task. And the so-called free press, just parrot the propaganda spewed by their leaders as if it was the gospel truth. Even Alice, despite all her training in wonderland, would have found today's geopolitics impossible to navigate.
- The world's militaries are incredibly polluting, collectively accounting for some 5.5% of global emissions, that is when they are not engaged in active war when they would be expending many more percentage points of pollutants.
- The escalation at sea is increasingly becoming an economic issue with global consequences. The intensifying conflict in the Black Sea and Sea of Azov is exacerbating an already fragile food market strained by the Iran conflict, extreme European drought, and El Niño-related weather disruptions. Attacks on ports, grain terminals, refineries, and merchant vessels are raising transport, fuel and fertiliser costs while reducing export volumes from one of the world's most important agricultural regions. Global food prices are now forecast to rise 11.8% this year. (Lloyd's List, Op-ed, 18 Aug 26)
- Germany and Japan are the two nations in the West and East respectively that history shows can go from peaceful to militarised remarkably fast, and both once dragged the

world into war. The AfD, the Alternative for Germany, was created in 2013, at a time when German voters didn't have much of an alternative, and its far-right result in last weekend's Saxony-Anhalt state election is worth watching. AfD more than doubled its 2021 vote share there to 43.9%, over double the 17.2% won by Chancellor Merz's own CDU, whose support in that state was roughly halved. Merz had come to office promising to halve AfD's support nationally; instead, in this state, exactly the opposite happened. AfD fell just short of an outright majority of seats, so it isn't yet clear whether it will govern Saxony-Anhalt, but if it does, it would be the first time the party has led a state government. And as its vote share has reached new highs, polls show it's the most popular party in the country, and the vote share of mainstream parties has shrunk to historic lows, the coalitions to prevent the AfD from taking power have become increasingly tenuous. It is not, yet, a national government, Merz's CDU/CSU-SPD coalition still runs the country, but the trend line is concerning. On top of this voter shift to the extreme right is rearmament in both countries. Germany's constitutional "debt brake" kept its defence spending capped for decades at a modest 1.2%–2.3% of GDP. That brake was loosened in March 2025 to allow higher defence spending, and Germany is now on a path toward NATO's alliance-wide target of 5% of GDP on defence and security by 2035. Japan tells a similar story: it lived under a self-imposed 1% of GDP spending norm from 1976 until 2022, when Russia's invasion of Ukraine and rising China/Taiwan/North Korea tensions pushed Tokyo to commit to 2% of GDP by FY2027. Under PM Sanae Takaichi, that timeline has now been pulled forward, with Japan's FY2026 defence budget already hitting a record ¥9.04 trillion, partly a response in both countries' cases, to Trump's pressure on allies to spend more on their own defence. A country with Germany's history rearming this fast, at a time when its far-right gains real electoral ground, is exactly the kind of combination, with Japan pursuing its own historic military break-out alongside it, that is scary and could add fuel to, not calm, the political chaos the world is already dealing with.

- But what can the AfD's victory in a small, relatively poor and elderly part of Germany's former communist east tell us about the country writ large? Worryingly, quite a lot. Chancellor Friedrich Merz, who is about as popular as Keir Starmer was before he resigned as British prime minister, is running out of time to prove the political centre can still deliver.
- The far-right AfD took first place in state elections in northeastern Germany, delivering the worst result for Chancellor Friedrich Merz's mainstream conservative party since 1949.
- Navi Pillay, a former ICC judge who oversaw a UN report that concluded that Israel committed genocide in Gaza, won the Nobel Peace Prize "for her efforts to promote peace and international law."
- Trump is not taking the Nobel Peace Prize decision well.

Tariffs & Trade:

- Switzerland and China agreed on a trade accord that almost entirely removes tariffs on Swiss exports, part of Beijing's effort to deepen ties with Europe while Donald Trump wages trade wars against America's traditional partners.
- Canada sees little chance of resuming talks with Donald Trump before the US midterm elections, following the 21 August collapse of trade negotiations.
- Beijing praised Carney's clap-back to Trump, casting Ottawa's move as validating its own opposition to Washington's protectionist trade policies.

- In Mexico, President Claudia Sheinbaum expressed optimism that she can reach a trade deal with Trump as her chief negotiator leads talks in Washington.
- The US is set to impose a 7.5% tariff on Chinese goods over allegations of excess manufacturing capacity before a planned summit between Xi Jinping and Donald Trump next month. The move would restore Trump's second-term duties on China to around 20%, a level Beijing has previously said is consistent with its trade truce with Washington.
- US President Donald Trump renamed Lake Ontario "Lake America" on Thursday, escalating a feud with Canada that has already spawned tariffs on tens of billions of dollars in cross-border trade.
- Canadian Prime Minister Mark Carney on 18 August said Canada will double its existing counter-tariffs on American steel and aluminum products to 50%. US milk, furniture, clothing and apparel, will also have new 50% duties applied, as will more than 700 products made by Americans. Canada's retaliation will affect $20 billion worth of annual US exports to Canada, roughly matching the dollar-value impact of the tariffs Trump said he would place on Canadian products.
- Canada's top economists told the country's finance minister that the damage from the spiraling trade war with the US should be manageable, potentially bolstering Carney's case for walking away from the talks.
- Amid deteriorating trade relations with the US under Donald Trump, Canadian Prime Minister Mark Carney's government has made a stronger EU partnership a top priority and is said to be actively looking at everything short of actual membership.
- The US escalated its trade war with Canada following Ottawa's tariff retaliation, moving to block imports of some products while slapping new tariffs on others. Donald Trump said he would also seek to bar Canadian companies from selling to government contractors.
- Ursula von der Leyen, the president of the EU bloc's executive arm, has invited Ottawa closer as both sides navigate challenging ties with the US.
- US President Donald Trump signed a sanctions bill into law that gives him new powers to impose 100% tariffs on countries that buy Russian oil. In addition to China, the list would include other major Asian energy importers like India. It also threatens up to 500% duties on US imports of Russian goods. The law also expands Trump's authority to impose sanctions on vessels that carry Russian crude, uranium, and coal.
- Trump has waged a relentless trade war with Canada, challenging its economy. The US has also pulled back support for NATO and Ukraine, leaving the EU scrambling to shore up its defenses. That vacuum has left both Canada and the EU looking for new partners as the alliances established after World War II shift. The invitation for Canada to become an "associate member" of the EU, made on 15 September by the European Commission president, Ursula von der Leyen, shows just how intent these two traditional US allies are on pursuing a stabler future by binding closer together.
- Trump has threatened to take action against the EU if it moves forward with a proposal for Canada and Europe to forge a new alliance.
- China and the US agreed to lower tariffs on $60 billion worth of goods in a bid to ease economic tensions.
- A day after China announced tariff cuts across a slew of US agricultural products, crop traders are trying to parse whether, and how quickly, that will translate into a demand pickup for major grains. Soybeans were excluded from the reductions, and sluggish economic growth has sapped Chinese demand for corn and wheat imports.
- Donald Trump's gibes and attacks have given Canada a widespread outrage that, harnessed wisely, could make its troubles easier to fix. And Mr Carney's rally of the world's

middle powers, including those in Europe, offers lessons on how to survive in a dangerous world.

The IMO and Regulations:

IMO Updates – Third Quarter 2026

The International Maritime Organization (IMO) continued to focus on strengthening maritime safety, security, environmental protection, greenhouse-gas reduction, digitalization, and the welfare of seafarers during the third quarter of 2026 (July–September 2026). The international shipping industry continued to face geopolitical instability, disruption to major shipping routes, and the need to accelerate the transition towards cleaner and more technologically advanced shipping. The IMO continued to respond to security risks affecting major shipping routes while progressing work on decarbonization and the practical implementation of new maritime requirements.
The following International Maritime Organization (IMO) meetings were held during the third quarter of 2026 (from 1 July to 30 September 2026).

1. IMO Council – 137th Session (C 137)

One of the principal IMO meetings during Q3 was the 137th session of the IMO Council, held from **6–10 July 2026** at IMO Headquarters in London. The Council addressed several issues of direct relevance to international shipping, with maritime security and the protection of vital shipping lanes being major areas of discussion. The Council adopted a resolution reaffirming the importance of preserving navigational rights and freedoms under international law.

Particular attention was given to **the Strait of Hormuz**, where attacks on commercial vessels and continuing regional tensions created significant risks for ships, cargo and seafarers. The Council also discussed the Straits of Malacca and Singapore, noting the cooperative mechanism involving Indonesia, Malaysia and Singapore. The Council encouraged interested Member States and stakeholders to contribute to the Aids to Navigation Fund and the IMO Straits of Malacca and Singapore Trust Fund.

The Council called for de-escalation and emphasized that transit passage through internationally used straits should remain safe, free and unhindered. It also requested the IMO Secretary-General to work with coastal States, IMO Member States and the shipping industry to support a coordinated and sustainable return to safe navigation. For the shipping industry, this reinforces the importance of voyage risk assessments, security procedures and contingency planning when operating in areas affected by geopolitical instability.

This is particularly relevant to vessels operating through the region because safe navigation depends on effective cooperation between coastal States, maritime authorities and the shipping industry.

2. IMO Sub-Committee on Implementation of IMO Instruments (III 12)

The 12th session of the Sub-Committee on Implementation of IMO Instruments was held from 20–24 July 2026. The meeting formed part of IMO's continuing work to improve the implementation and enforcement of international maritime conventions. The III Sub-Committee plays an important role in assessing how IMO instruments are implemented by flag States and port States. Its work supports greater consistency in the application of international requirements and contributes to improved maritime safety, security and environmental protection.

The importance of implementation was also reinforced during the July Council session, which welcomed progress under the IMO Member State Audit Scheme (IMSAS). By July 2026, IMO

reported that the first audit cycle had been completed, with 168 audits conducted covering 165 Member States and three Associate Members.

For shipowners and operators, this highlights the need to maintain effective compliance systems, accurate records, proper safety management procedures and readiness for inspections and audits.

3. Intersessional Working Group on Reduction of GHG Emissions from Ships (ISWG-GHG 22)

Another important Q3 meeting was the 22nd session of the Intersessional Working Group on Reduction of Greenhouse Gas Emissions from Ships (ISWG-GHG 22), held from 1–4 September 2026.
The meeting formed part of IMO's continuing work on the IMO Net-Zero Framework and the reduction of greenhouse-gas emissions from international shipping. The work followed the decisions of MEPC 84, held from 27 April to 1 May 2026. At MEPC 84, IMO agreed to establish an intersessional working group to address outstanding issues and build broader convergence ahead of MEPC 85. Two intersessional meetings were scheduled, including the September ISWG-GHG 22 session.

The Q3 discussions were therefore significant for the future regulatory framework governing shipping emissions. Shipowners, operators and fuel suppliers should continue to monitor developments because future requirements may have implications for vessel design, fuel selection, energy efficiency, carbon management and operational practices.

4. Carriage of Cargoes and Containers (CCC 12)

The 12th session of the Sub-Committee on Carriage of Cargoes and Containers (CCC 12) was held from 14–18 September 2026. The CCC Sub-Committee deals with matters relating to the safe carriage of cargoes, including dangerous goods, solid bulk cargoes, packaged goods and containers. Its work is particularly relevant to ship operators, cargo interests, terminal operators and crew involved in cargo operations.

The meeting forms part of IMO's continuing efforts to improve the safe carriage of cargoes and ensure that international requirements remain aligned with changes in cargo handling, technology and operational practices. Companies involved in cargo operations should therefore continue to ensure that cargo information, documentation, securing arrangements and dangerous goods procedures remain compliant with the applicable IMO requirements.