DRY BULK FREIGHT & TRADE RESEARCH

Decoding Trends in the Dry Bulk Market

Insights on Commodity Flows · Fleet Developments · Tonne-Mile Demand Patterns

Q1–Q2 2026

CONTENTS

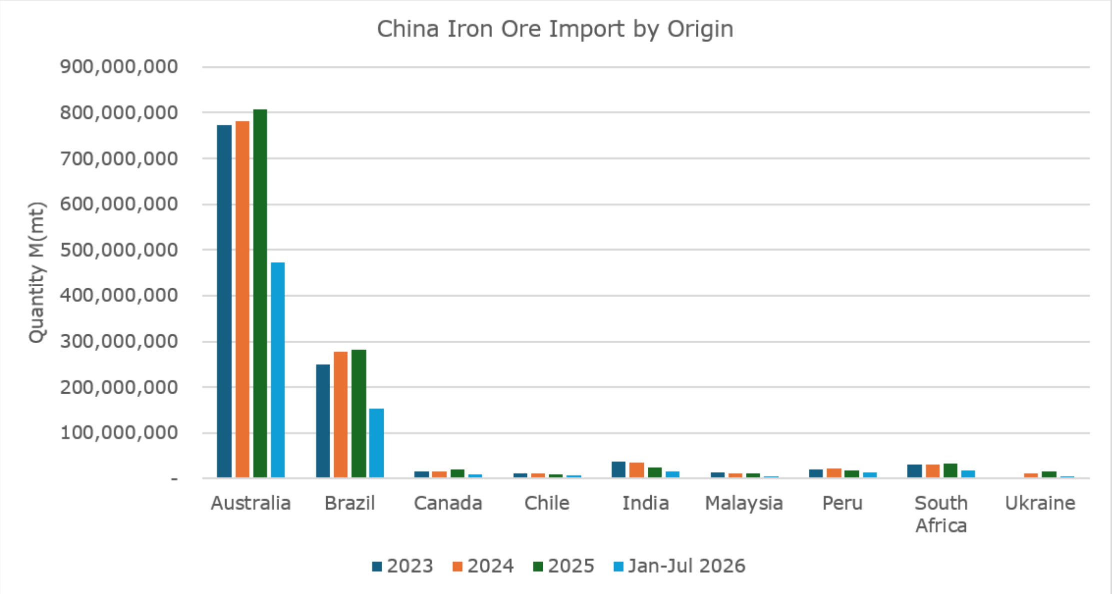
SECTION I · COMMODITY FLOW TRENDS

A. Iron Ore

Origins of China's imports, producer guidance, and what to watch through September

Global Iron Ore View | Origins of China's Imports

Jan–Jul 2026: Australia maintains leadership as China's import mix remains stable



Data Source: AXS

Jan–Jul 2026 Review: Australia Maintains Leadership as China's Import Mix Remains Stable

Through the first seven months of 2026, Australia remained by far China's largest iron ore supplier, with imports reaching approximately 472 million metric tons, accounting for around 67% of China's total imports during the period. The pace remains consistent with Australia's dominant position established in 2025, when shipments reached 806 million metric tons.

Brazil retained its position as China's second-largest supplier, delivering approximately 154 million metric tons during January–July 2026, compared with 283 million metric tons for the whole of 2025. While volumes remain well below Australia's, Brazil continues to provide the second pillar of China's seaborne iron ore supply.

Among the remaining exporters, South Africa continued to stand out as China's largest alternative supplier outside Australia and Brazil, with imports reaching 18.4 million metric tons during the first seven months of 2026. Although significantly smaller in scale, South African cargoes provide an important source of supply diversification, ahead of India (16.5 Mt), Peru (14.5 Mt), Canada (10.0 Mt), Chile (7.7 Mt), Malaysia (5.8 Mt) and Ukraine (4.8 Mt). Collectively, these origins continue to play a complementary role in China's import portfolio, with the overall sourcing structure remaining largely unchanged from 2025.

Iron Ore Production Overview & Insights

Major miners reinforce a stable supply outlook

BHP (WAIO)

- Q1 FY26 (Jul–Sep 2025): ~64.1 Mt
- Q2 FY26 (Oct–Dec 2025): ~67.8 Mt
- Q3 FY26 (Jan–Mar 2026): ~60.9 Mt
- Q4 FY26 (Apr–Jun 2026): ~61–66 Mt
- **FY2026 guidance: 251–262 Mt**

Rio Tinto (Pilbara)

- Q1 2026: ~70.7 Mt (weather affected)
- Q2 2026: ~85.3 Mt (strong recovery)
- Q3 2026: expected seasonal strength
- Q4 2026: strong second half required
- **2026 shipment guidance: 323–338 Mt**

Vale (Brazil)

- Q1 2026: ~67–68 Mt
- Q2 2026: ~79–81 Mt
- Q3–Q4 2026: around quarterly run-rate required for guidance
- **FY2026 guidance: 325–335 Mt**

Fortescue (FMG)

- Q1 FY26: ~47.6 Mt
- Q2 FY26: ~48–50 Mt (estimated run-rate)
- Q3–Q4 FY26: stable operations expected
- **FY2026 shipment guidance: 195–205 Mt**

Simandou (Guinea)

- First shipment Dec 2025
- Q2 2026: exports exceeding 2 Mt/month by May as ramp-up progressed.
- Ramp-up via Trans-Guinean railway and WCS export facilities.
- Long-term capacity ~120 Mtpa; Rio (SimFer) share 60 Mtpa at full ramp (~30 months).

Insights

Major miners reinforce a stable supply outlook.

Guidance broadly maintained despite weather, labour negotiations and project commissioning; Rio recovered from cyclones, Vale rose after a weak start.

Supply diversification is emerging — Simandou exports commenced and China diversifies procurement via CMRG — though 2026 seaborne supply is little changed.

Special Themes | What to Watch Through September

Simandou becomes a shipping story, not just a mining story

For years, Simandou has been discussed as a future project. During Q3, however, attention is shifting towards the first phase of exports and what that means for the seaborne market. As infrastructure commissioning continues, the project is moving from development into operational reality. While initial export volumes remain modest, the market is increasingly focused on the longer-term impact of additional high-grade West African supply.

Port Hedland labour dispute introduces short-term supply risk

The industrial action at Port Hedland represents the most important operational risk entering August. While Australian miners have maintained production, labour disputes at the world's largest iron ore export terminal could temporarily delay vessel loading schedules and export programmes if further strike action proceeds. Unlike Simandou, this is not a structural supply issue but a logistics risk. The impact is likely to be reflected first in vessel waiting times, loading sequences and short-term Capesize positioning rather than global iron ore availability.

China's procurement strategy gains importance

China continues to pursue greater influence over iron ore procurement through China Mineral Resources Group (CMRG), while maintaining efforts to diversify supply away from its heavy reliance on Australia.

Although the immediate impact on trade flows has been limited, developments surrounding centralized purchasing and increased imports from Guinea remain an important strategic theme for the second half of the year.

Q3 Outlook

The iron ore market enters the remainder of the third quarter with Australian exports remaining broadly resilient, although labour disputes at Port Hedland have introduced the principal short-term operational risk for seaborne supply. Any disruption is expected to affect loading schedules and vessel availability rather than materially reduce global iron ore production. At the same time, Simandou continues to advance from project development towards commercial production, reinforcing the gradual emergence of a new Atlantic Basin source of high-grade supply. While initial export volumes remain limited, the project's longer sailing distances to China are expected to provide increasing support to tonne-mile demand as production ramps up. Against this evolving supply backdrop, Chinese steel demand remains the key balancing factor. Any improvement in steel production, infrastructure activity or mill profitability would provide stronger support for import demand than incremental changes in mine supply. For the dry bulk market, the interaction between resilient Australian exports, Guinea's production ramp-up and China's import requirements will remain the primary determinant of Capesize employment, tonne-mile demand and freight market direction through the remainder of the quarter.

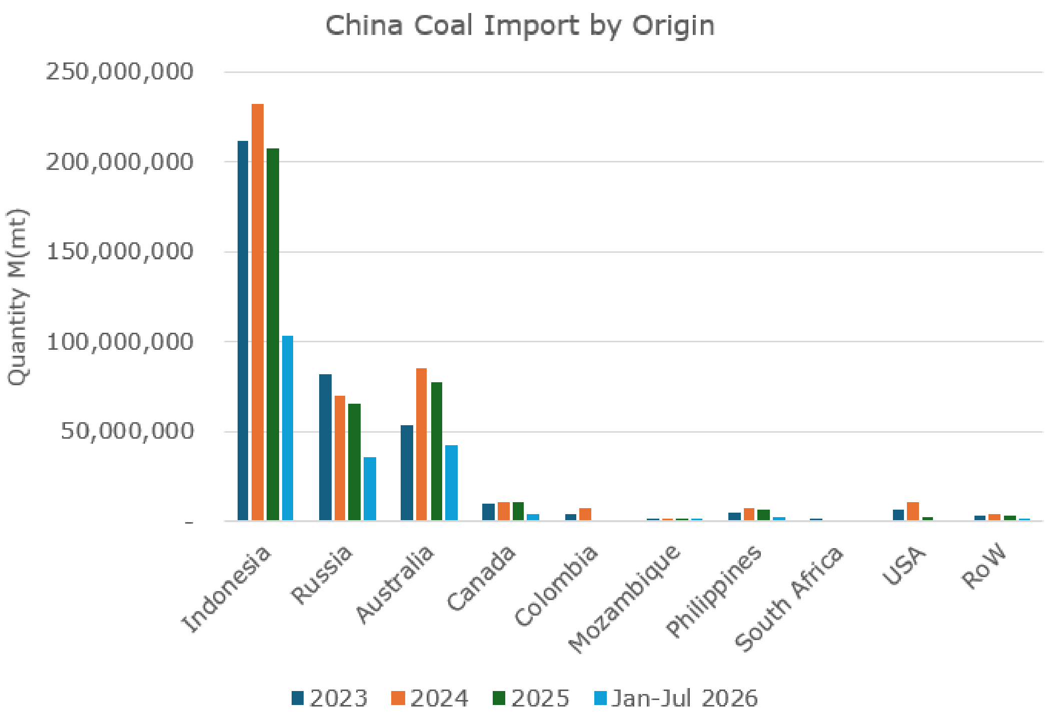
SECTION I · TRADE FLOW HIGHLIGHTS

B. Coal

China's import origins, producer guidance, and the China–India demand outlook

Global Coal View | Origins of China's Imports

Jan–Jul 2026 Review: China's Coal Imports Ease Across Major Suppliers



Data Source: AXS

The composition of China's coal imports has remained broadly unchanged in 2026, with Indonesia, Australia and Russia continuing to dominate supply.

Indonesia remained China's largest coal supplier during the first seven months of 2026, with imports reaching 103.1 Mt. While below the 207.4 Mt imported during full-year 2025, Indonesia continues to account for by far the largest share of China's seaborne coal purchases, reinforcing its dominant position in the import mix.

Russian shipments totalled 36.2 Mt during January–July, a noticeably slower pace than the 66.0 Mt imported during 2025. Russia nevertheless remains China's second-largest supplier, although imports have softened following last year's recovery.

Australia supplied 42.3 Mt over the first seven months, equivalent to more than half of its 77.7 Mt total in 2025. Australian exports have remained comparatively resilient, continuing to benefit from the normalization of trade following the removal of import restrictions.

Among secondary suppliers, Canada imported 4.3 Mt (vs 11.0 Mt in 2025) and Colombia remained below last year at 0.4 Mt (vs 0.6 Mt). In contrast, Mozambique reached 1.4 Mt by July, already approaching 80% of its full-year 2025 exports to China — one of the few suppliers tracking ahead of last year's pace.

Coal Production Overview & Insights

Glencore (Q1 2026)

- Steelmaking (met) coal: 6.5 Mt (−22% YoY) on EVR pit sequencing, wet Queensland weather and an Oaky Creek longwall move.
- Energy coal: 22.9 Mt, broadly in line with Q1 2025.
- 2026 guidance unchanged — met 30–34 Mt, energy 95–100 Mt; H2-weighted.

BHP Mitsubishi (BMA)

- FY2026: 18.1 Mt met coal attributable (~36.2 Mt 100% basis), in line with guidance.
- FY2027 guidance: BMA met coal 36–40 Mt (100% basis); NSW energy coal 14–16 Mt.
- BHP reaffirmed its commitment to retaining BMA despite sale speculation.

Anglo American (Q1 2026)

- Steelmaking coal: 1.5 Mt, −31% YoY, on the Moranbah North incident and Dawson weather disruptions.
- Moranbah North has resumed normal operations; restrictions lifted.
- Anglo continues to pursue the sale of its steelmaking coal business.

China imports rebound

China's thermal coal imports strengthened in July as peak summer electricity demand and tighter domestic production raised demand for imported fuel — the highest monthly level of 2026. Indonesia stayed largest while Australia and Russia competed for share. Despite accelerating renewables, coal still plays a critical balancing role at peak demand.

Mongolia expands the mix

Mongolia has continued to increase shipments into China through expanding cross-border rail, strengthening its position relative to Russian exporters. Earlier this year it briefly overtook Indonesia as China's largest monthly supplier, highlighting the growing importance of overland deliveries and China's strategy of diversifying supply and improving resilience.

Indonesia keeps discipline

Indonesia's coal exports to China recovered during June and July, narrowing the year-to-date decline. However, tighter production quotas and stricter domestic market obligation (DMO) requirements continue to limit export availability, reducing supply flexibility for the seaborne market despite resilient Chinese demand.

China & India Coal Outlook 2026

Domestic supply continues to limit import growth

China

Q3 Outlook

The outlook remains balanced by strong domestic supply and seasonal demand. Peak summer consumption may provide intermittent support, but high domestic production, comfortable inventories and expanding renewables limit the need for sustained import growth. Seaborne purchases are expected to stay largely price-driven — responding to arbitrage, coal quality and regional disruptions rather than a structural rise in consumption. Unless domestic production or inventories tighten materially, China is likely to remain a selective buyer through the quarter.

Domestic production continues to limit import growth

The market remains supported by high domestic production and ample inventories while renewables expand. For the first time, coal accounted for less than half of China's electricity generation in H1 2026, though total consumption stays resilient as demand grows — so imports are increasingly driven by price, quality differentials and seasonal needs rather than shortages.

India

Q3 Outlook

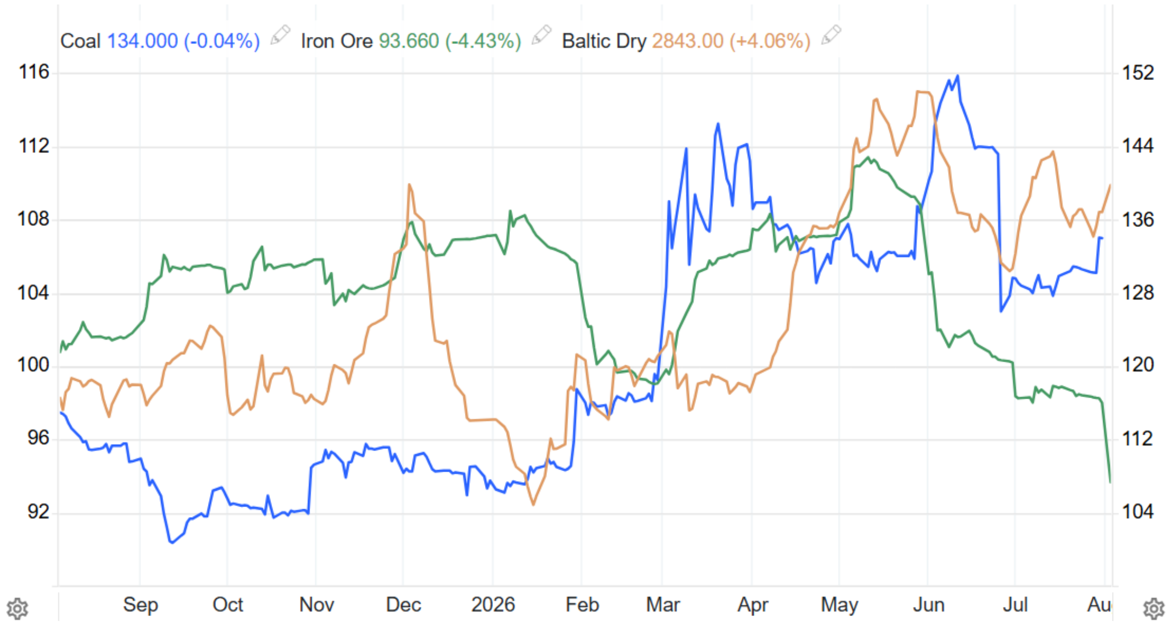
India enters Q3 with domestic coal production continuing to expand, supported by mine development and logistics improvements. At the same time, rising electricity demand, industrial activity and coastal power-plant requirements mean imports remain essential, particularly for higher-grade thermal coal. Import growth is nevertheless expected to be more measured than in previous years as additional domestic output offsets part of demand growth — so seaborne trade is likely driven more by price competitiveness and procurement timing than structural import increases.

Domestic supply expands, but imports remain necessary

India keeps increasing domestic production through capacity expansions and infrastructure investment. Record renewable generation has lowered coal's share, though coal-fired output still rises in absolute terms. Imports therefore remain necessary — particularly for higher-quality coal and coastal consumers — but domestic growth is reducing the pace of import expansion.

BDI | Iron Ore & Coal Price Trends

Focus on prices as of 31 July 2026



The chart compares the Baltic Dry Index (BDI) with global iron ore and coal prices over the past year. After strengthening through Q2, iron ore corrected sharply in June–July before stabilising, while coal stayed broadly range-bound. The BDI displayed pronounced volatility, outperforming both commodities during parts of the year before easing — a reminder that freight rates are shaped by vessel availability, trade flows, seasonal export programmes and port logistics, often moving independently of commodity prices.

Iron Ore

Iron Ore fell to 98 USD/t on July 31, 2026, down 0.25% from the previous day. Over the past month the price has fallen 0.37%, and it is down 1.58% versus the same time last year, according to CFD trading tracking the benchmark market for this commodity.

Coal

Thermal coal futures climbed to ~$134/t, reaching one-month highs as Chinese demand strengthened after hotter weather boosted air-conditioning and electricity use across a central/eastern China heat dome. Inventories remain elevated while domestic production faces constraints after a fatal Shanxi accident in late May triggered safety inspections. Dry weather also disrupted Barito River barging in Kalimantan, with some miners declaring force majeure.

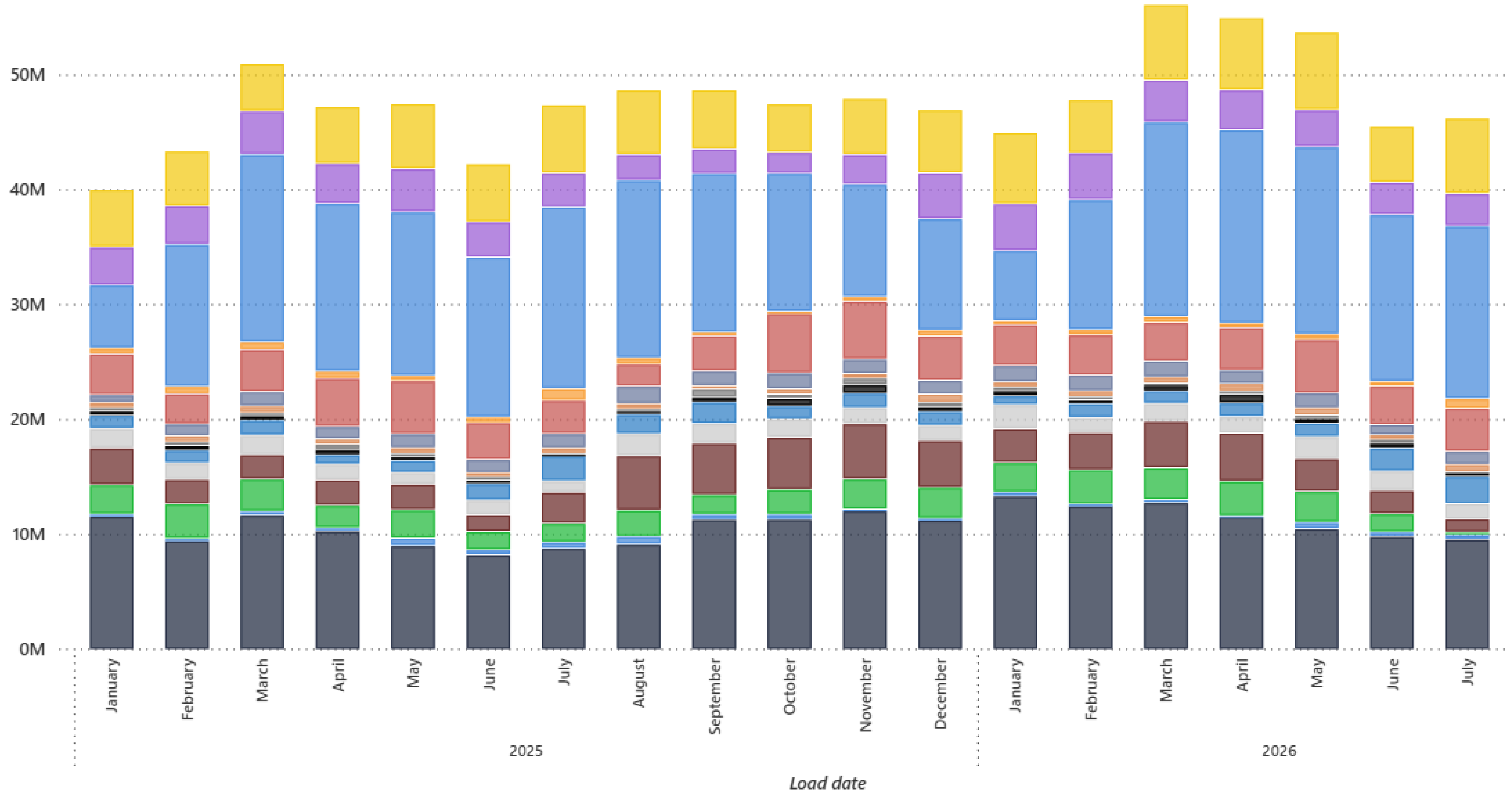
SECTION I · TRADE FLOW HIGHLIGHTS

C. Grain

Seaborne export/import structure, China's soybean strategy, and price trends

Global Grain View | Export Volumes by Load Country

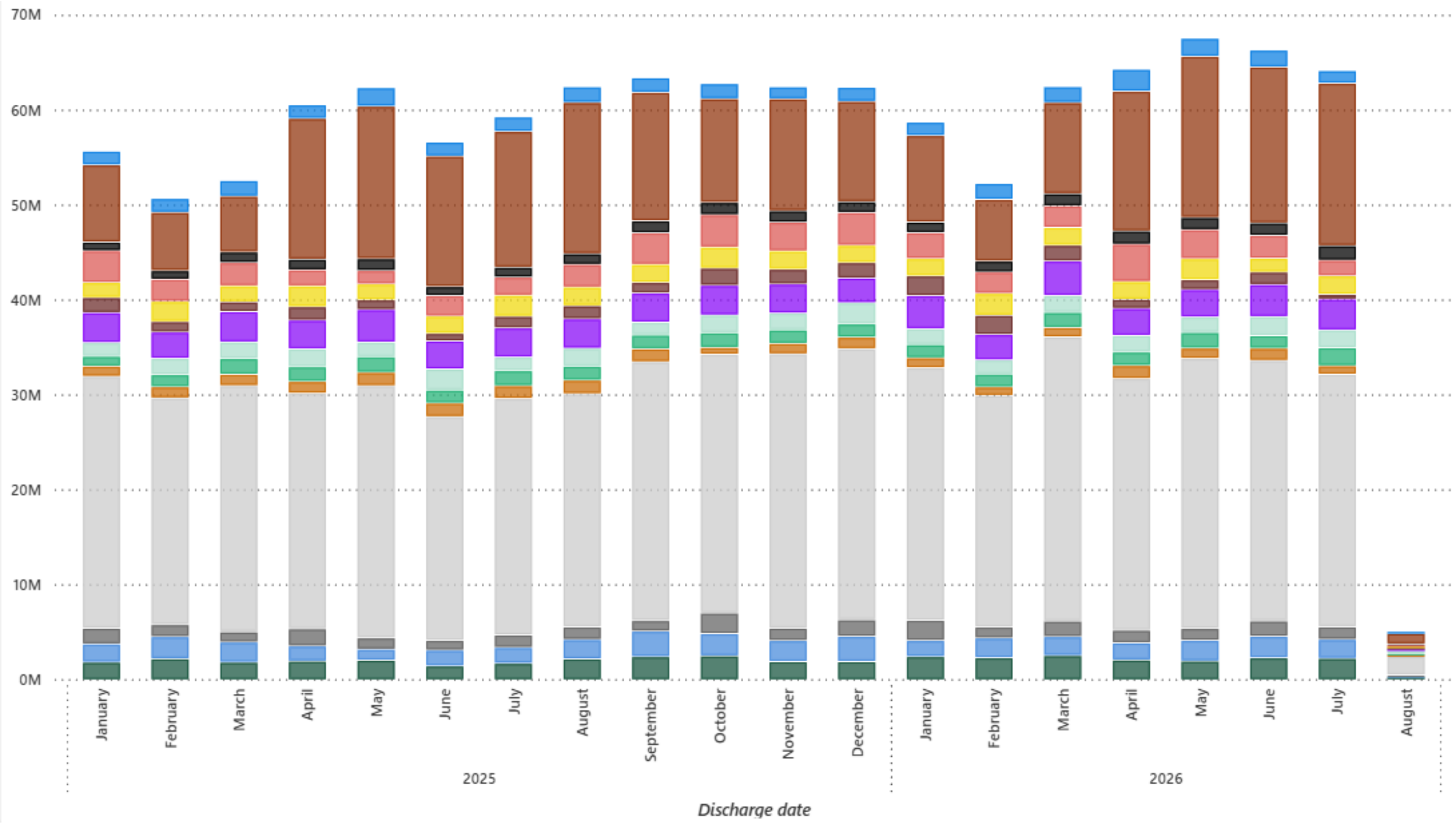
The Americas dominate — Brazil, the U.S. and Argentina exceed 60% of seaborne grain exports



Data Source: AXS

Global Grain View | Import Volumes by Discharge Country

China remains the world's largest seaborne grain importer, well above any other destination



Data Source: AXS

Global Grain View | Export – Import Volumes

Import Insights

Although 2026 discharge data cover only the first seven months of the year, the structure of global grain import demand remains broadly consistent with full-year 2025. China continues to dominate as the world's largest individual grain importer, receiving approximately 93 Mt so far in 2026, equivalent to 20.9% of global imports, compared with 142 Mt (20.0%) in 2025. The increase in its share highlights China's continued importance to global seaborne grain trade, despite ongoing efforts to expand domestic production and manage strategic inventories.
Among the other major importing countries, Japan has received around 22 Mt (5.1%), closely in line with its 5.2% share in 2025, while Egypt accounts for 18 Mt (4.2%), broadly unchanged from 4.3% last year. Indonesia has imported 14 Mt (3.1%), maintaining its position among the largest grain buyers, supported by steady food and feed demand.

Vietnam (15 Mt; 3.4%), Spain (14 Mt; 3.2%), South Korea (12 Mt; 2.8%) and Algeria (12 Mt; 2.8%) continue to represent important regional import markets. Together, these countries illustrate the broad geographical distribution of global grain demand beyond China. While the Rest of the World accounts for approximately 193 Mt (43.6%) of imports, this reflects the combined contribution of numerous smaller importing countries rather than a single dominant market. Overall, compared with 2025, the ranking and relative importance of the leading grain importers have remained largely unchanged, with China continuing to be the principal driver of global seaborne grain demand.

Export Insights

Although 2026 data represent exports only through early August and are therefore not directly comparable with full-year volumes, the distribution of global grain exports already provides a clear indication of how market shares are evolving relative to 2025. Brazil has further strengthened its position as the world's largest exporter, accounting for approximately 28% of global shipments so far in 2026, compared with 27.5% in 2025. The United States remains the second-largest origin with 22.7% of exports, broadly in line with its 22.1% share last year. Together, the two countries continue to account for just over half of global grain exports.

Among secondary exporters, Argentina has expanded its share to 11.9% from 10.9% in 2025, reinforcing its position as the leading second-tier supplier. Canada's contribution has remained relatively stable at 7.4%, compared with 7.9% last year, while Australia's share has increased to 6.9% from 6.5%, reflecting stronger export activity during the first seven months of 2026.

By contrast, Black Sea exporters have lost some relative market share. Russia accounts for 5.9% of global exports so far this year, down from 6.9% in 2025, while Ukraine's share has eased from 4.9% to 4.5%. Smaller exporters, including Romania, France, Germany, Poland, Latvia, Bulgaria, Uruguay and other origins, continue to provide an important balancing role but collectively represent a relatively modest share of global trade. Overall, while the ranking of major exporters has remained largely unchanged, 2026 year-to-date data point to a gradual increase in South America's share of global grain exports, led by Brazil and Argentina, at the expense of a modest decline in the contribution from the Black Sea region.
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China's Soybean Strategy

Brazil remains the commercial benchmark

Despite the recent increase in U.S. sales, Brazil continues to dominate China's soybean import programme. Record production, competitive export prices and efficient logistics have kept South America a substantial cost advantage through much of H1 2026. Chinese customs data show June soybean imports reached a record 13.55 million tonnes, driven overwhelmingly by Brazilian cargoes. Over the first six months, imports from Brazil rose while arrivals from the United States declined year-on-year — commercial purchasing decisions continue to favour South American origins.

For Chinese crushers, margins remain the principal determinant of procurement. Even after renewed political engagement between Washington and Beijing, Brazilian soybeans have generally remained the preferred commercial choice because of lower landed costs and existing supply chains.

China's return to the U.S. reflects policy as much as economics

Chinese state-owned grain companies have returned to the U.S. soybean market with their largest forward purchases in four years. USDA confirmed new export sales after traders reported purchases of roughly one million tonnes for October–November shipment, while the White House continues to reference China's commitment to purchase 25 million tonnes of U.S. soybeans annually through 2028.

The timing is significant. Rather than signalling a permanent change in sourcing strategy, the purchases coincide with the start of the U.S. export season, lower Chicago soybean prices and preparations ahead of high-level U.S.–China meetings. Most purchases have been undertaken by state-owned companies such as Sinograin and COFCO, while private crushers remain focused on commercial competitiveness.

U.S. Soybean Export Sales to China 2025-26

Overview

China has returned to the U.S. soybean market during recent weeks, with state-owned importers executing one of the largest buying programmes of 2026 ahead of the North American harvest. The latest purchases reflect improving price competitiveness of U.S. soybeans relative to South American origin rather than a change in China's broader sourcing strategy. Brazil continues to account for the majority of China's soybean imports, but seasonal shifts in export availability typically increase the role of U.S. supply during the second half of the year.

The timing of these purchases is also significant. Securing cargoes several months ahead of shipment provides Chinese buyers with greater flexibility ahead of the peak import season while reducing exposure to potential price volatility during the U.S. harvest. Market participants are also closely monitoring developments in U.S.-China trade relations, as any improvement in bilateral negotiations could provide additional support for agricultural trade flows during the remainder of the year.

Q3 Outlook

The third quarter marks the transition from South American to North American export programmes, making U.S. soybean competitiveness an increasingly important driver of global trade flows. Export availability is expected to increase as the U.S. harvest approaches, while Brazilian export volumes typically moderate from their first-half seasonal peak. This seasonal shift is likely to support additional Chinese purchases of U.S. origin, provided pricing remains competitive and no new trade restrictions emerge.

For dry bulk shipping, the outlook is supportive for Panamax demand as grain exports from the U.S. Gulf and Pacific Northwest increase towards the fourth quarter. However, freight demand will ultimately depend on the pace of Chinese procurement, harvest yields, and competition from Brazilian exporters. A sustained recovery in U.S. export sales would strengthen grain tonne-mile demand, while weaker-than-expected Chinese buying would limit the seasonal uplift normally associated with the North American export campaign.

Reported China sales

November 2025 (reported China sales)

Nov. 3 – 132,000 mt
Nov. 18 – 792,000 mt
Nov. 19 – 330,000 mt
Nov. 20 – 462,000 mt
Nov. 24 – 123,000 mt
Nov. 28 – 312,000 mt

December 2025 (reported China sales)

Dec. 5 – 462,000 mt   Dec. 8 – 132,000 mt
Dec. 10 – 136,000 mt   Dec. 11 – 264,000 mt
Dec. 12 – 132,000 mt   Dec. 15 – 136,000 mt
Dec. 30 – 136,000 mt

2026 — January

Jan. 6 – 336,000 mt   Jan. 8 – 132,000 mt
Jan. 22 – 233,500 mt

June

Jun. 18 – 132,000 mt (MY 2026/27)

July

Jul. 8 – 472,000 mt (136,000 mt for MY 2025/26 + 336,000 mt for MY 2026/27)
Jul. 9 – 136,000 mt (MY 2026/27)   Jul. 10 – 264,000 mt (MY 2026/27)
Jul. 13 – 136,000 mt (MY 2026/27)   Jul. 17 – 340,000 mt (MY 2026/27)
Jul. 20 – 264,000 mt (MY 2026/27)   Jul. 31 – 132,000 mt (MY 2026/27)

Note: From June onward, the USDA announcements refer primarily to 2026/27 marketing year soybean sales. The 8 July announcement is split between the 2025/26 and 2026/27 marketing years

BDI | Grain Price Trends

Focus on prices, end of July 2026

Wheat — ~$6.40/bu

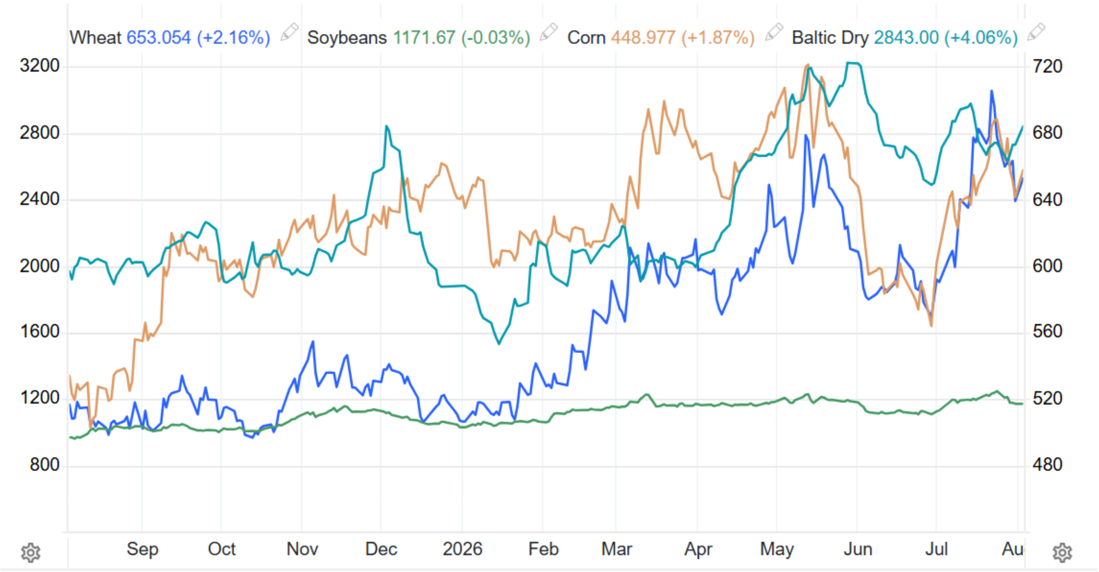
3-week low after Russia moved to secure Azov–Black Sea shipping; attacks still threaten peak-harvest exports.

Corn — <$4.50/bu

Eased from a nine-week high on favourable Midwest weather; ethanol demand and Black Sea risk limit losses.

Soybeans — <$11.70/bu

Four-week low on timely Midwest rain; Brazil seen exporting a record 115.4 Mt in 2026.



Global Grain Production Overview

July 2026 update

Maize (Corn)

Global maize production remains historically high despite a modest decline from the previous record. Strong crops in South America and solid export availability underpin trade, while feed and biofuel demand keep consumption close to production levels.

Wheat

Global wheat production is projected to decline from last season's record as smaller crops in Australia, the EU and the U.S. offset gains elsewhere. Supplies and inventories remain sufficient to support trade, though the balance sheet is tighter than a year ago.

Rice

Global rice production continues to provide a stable source of grain supply. International trade is expected to expand modestly, supported by comfortable inventories across major Asian exporters and import demand from Africa and Southeast Asia.

Soybeans

Soybean fundamentals remain supported by robust South American production, particularly Brazil, while global demand is led by Chinese imports. Supply is ample, but South American weather and the pace of Chinese purchases remain key drivers.

The bigger picture

Global grain markets remain well supplied despite production easing from the record 2025/26 harvest. Wheat and maize output are expected to stay above long-term averages, rice production remains resilient, and soybean supplies continue to be supported by South American exports. Inventories are adequate but no longer expanding at last season's pace, leaving less buffer against weather or geopolitical disruptions.

Following the record global cereal crop in 2025/26, production is expected to moderate in 2026/27 while demand continues to grow. Consumption is forecast to outpace production for both wheat and maize, resulting in a gradual tightening of global stock cushions rather than an immediate supply shortage.

Commodity News Highlights | Grain

Corn

Global corn fundamentals remain favourable, though the market is transitioning from record abundance toward a more balanced supply–demand environment. USDA's latest outlook projects another historically large U.S. harvest on improved planted area and favourable yields. Stronger export demand has reduced projected U.S. ending stocks, indicating robust consumption. Global output is forecast around 1.59 billion tonnes, with global ending stocks projected lower on stronger trade and continued feed demand.

Weather remains the principal short-term driver. Recent rainfall across key U.S. regions reinforced high-yield expectations, softening futures despite tighter balance sheets. South American exporters provide ample availability, while EU and other traditional buyers support seaborne trade. Overall, supply stays comfortable but with less surplus than last season, making prices increasingly sensitive to weather and export demand into H2.

Wheat

Global wheat markets remain adequately supplied, but the balance has tightened versus last season. USDA projections point to lower global ending stocks as consumption outpaces production, while U.S. wheat production has been revised to its lowest since 1970/71. Global inventories remain sufficient to support trade, but the cushion is progressively smaller than during the record 2025/26 harvest.

Export competition continues to be led by Russia, the world's largest supplier, on competitive pricing and strong capacity. However, renewed attacks on Black Sea shipping and port infrastructure have increased logistical uncertainty. While these disruptions periodically support prices, the impact is moderated by comfortable global supplies and continued exports from Argentina, Australia and Ukraine — leaving sentiment balanced between ample availability and growing geopolitical risk on a key corridor.

Data sources: USDA WASDE reports

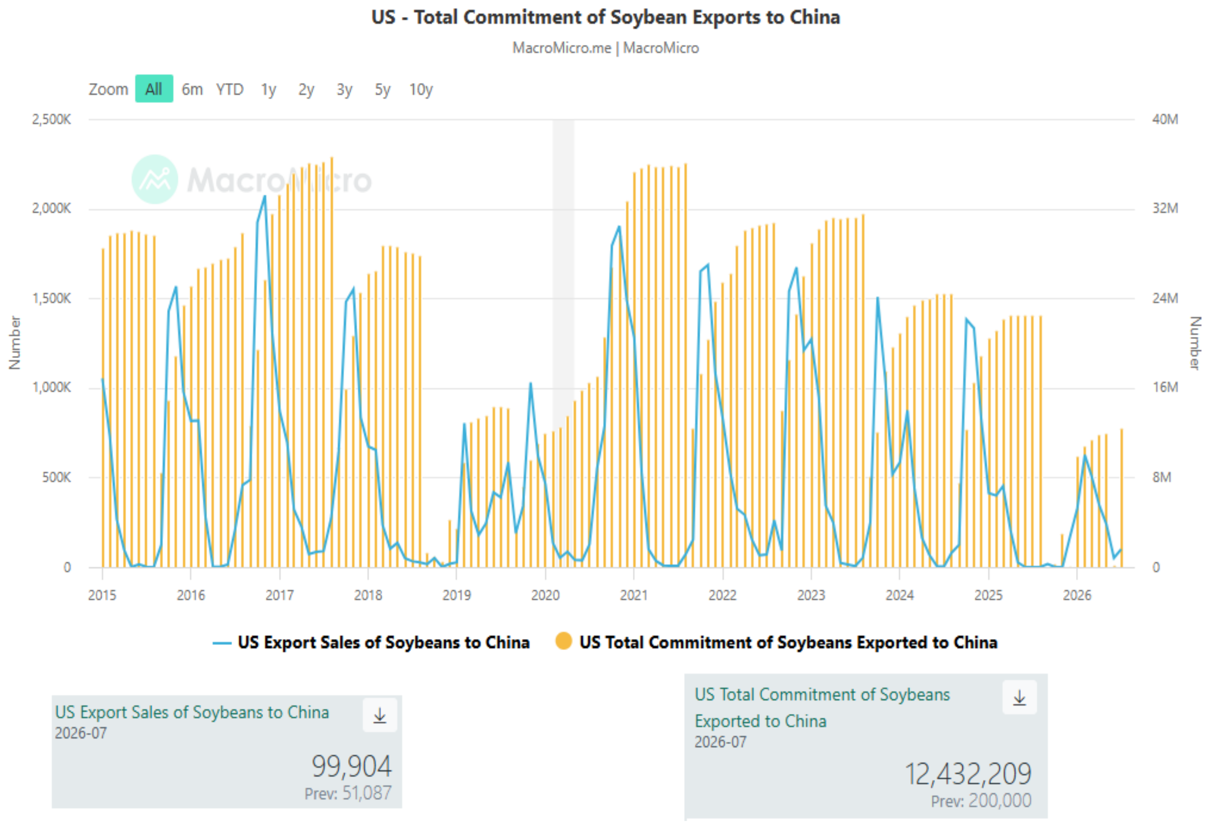
Commodity News Highlights | Soybeans

Chinese buying returns, but forward commitments remain below historical peaks

Following a subdued start to the marketing year, Chinese buyers have resumed purchases of U.S. soybeans ahead of the 2026/27 export season. USDA has confirmed a series of daily export sales since June, culminating in approximately one million tonnes of new-crop purchases announced in late July and early August. These transactions represent the strongest pace of forward buying in four years and suggest Chinese importers are rebuilding coverage as U.S. supplies become increasingly competitive.

Brazil continues to dominate global soybean trade

Despite the recent improvement in U.S. export sales, Brazil remains China's principal soybean supplier following another record harvest and an exceptionally strong export programme during H1. Competitive pricing and abundant South American availability have limited the pace of U.S. recovery, while Chinese demand has been met primarily through Brazilian cargoes.



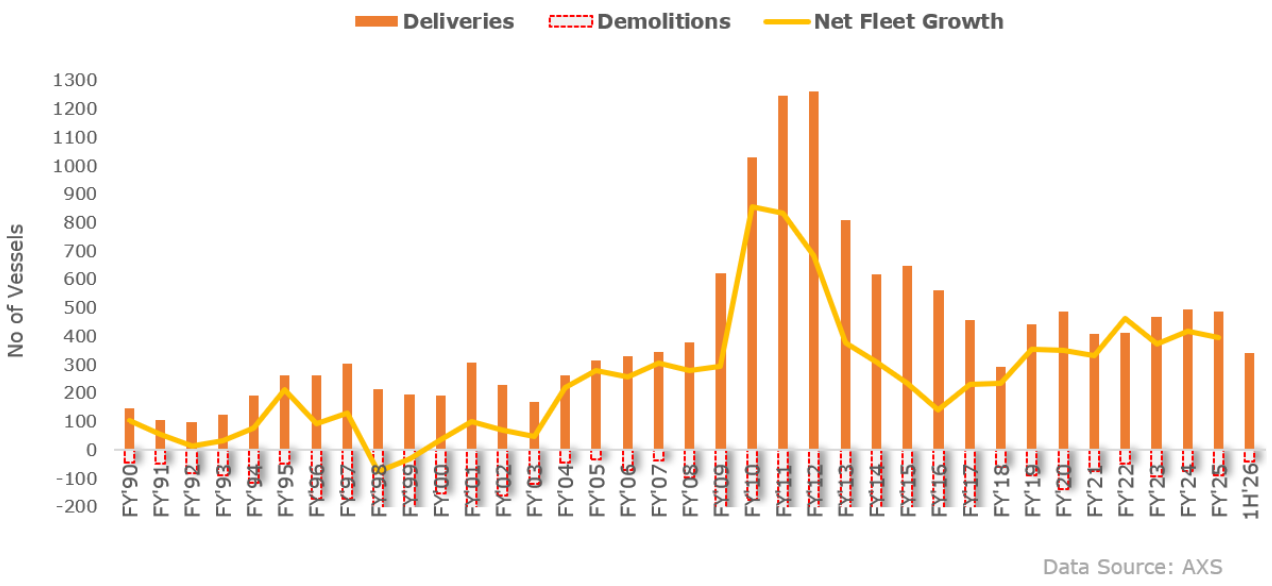
SECTION II · SUPPLY

Fleet Overview

Deliveries versus demolitions, fleet age, and shipyard concentration

Fleet Renewal Dynamics: Deliveries vs. Demolitions

Stronger H2 Delivery Pipeline Supports Faster Fleet Growth



Fleet renewal dynamics

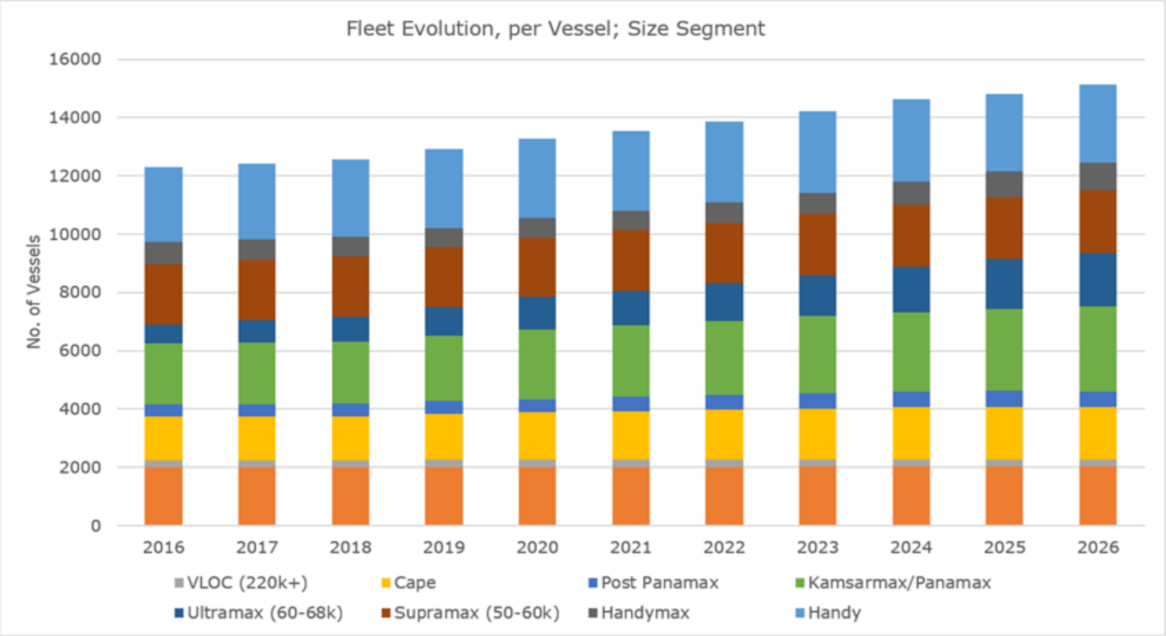
While net fleet growth failed to breach 500 vessels in H1, the pace of deliveries accelerated sharply in the second half, with scrapping remaining relatively subdued. This late-year pickup suggests FY25 net fleet growth will surpass the annual additions recorded over 2020–2024, marking a clear inflection from the more muted expansion of recent years.

The combination of a strong delivery pipeline and limited demolition points to a higher fleet growth trajectory, likely to weigh on utilization unless matched by a rebound in cargo demand. Fleet supply is set to become a more prominent headwind for freight markets heading into FY26.

Fleet Evolution per Vessel Size Segment

13,110 vessels, average age 12 years — 34% are 15+ years, 13% are 20+ years

Category	Active Ships	Avg. Age	15y old	20y old
VLOC (Dwt 220k+)	262	11	21.0%	2.0%
Capesize	1,779	13	35%	7%
Post Panamax	546	13	42.0%	8.0%
Kamsarmax/Panamax	2,897	13	34.0%	19.0%
Ultramax	1,850	7	3.0%	1.0%
Supramax	2,149	16	60.0%	20.0%
Handymax	934	13	33.0%	28.0%
Handy	2,693	15	45.0%	17.0%



Data Source: AXS

13,110

vessels in fleet

12 yrs

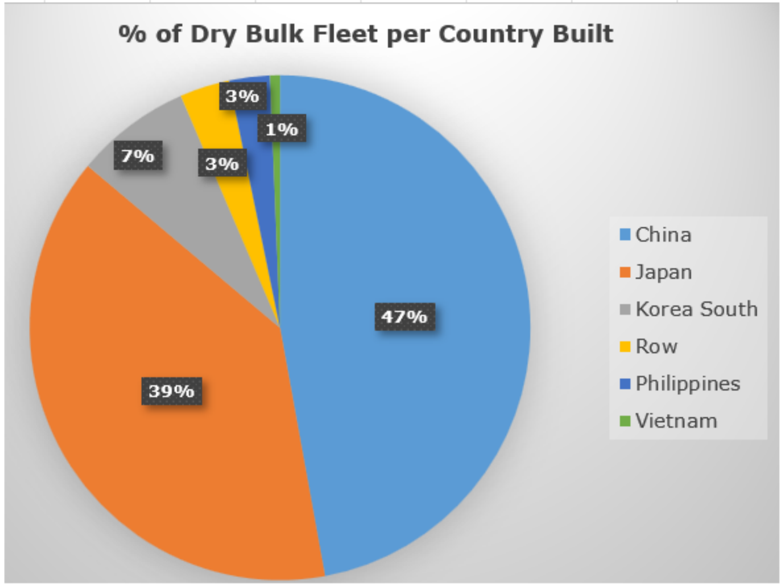
average age

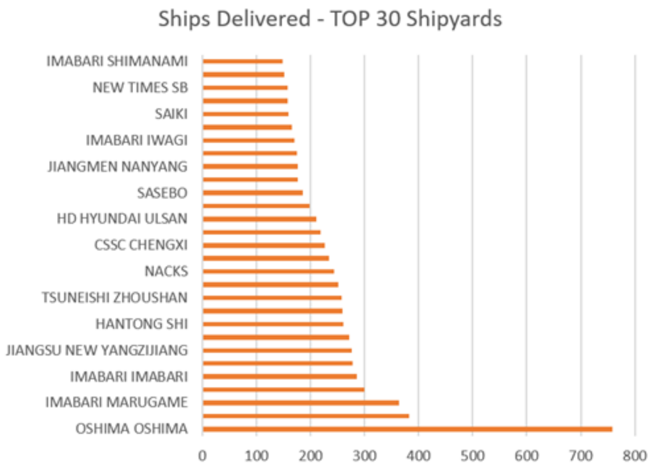
34%

aged 15 years+

% of Fleet per Shipyard & Country Concentration

Concentration barely shifted from end-2025 — China and Japan still dominate





47%

China

39%

Japan

759

Oshima — top yard

Data Source: AXS

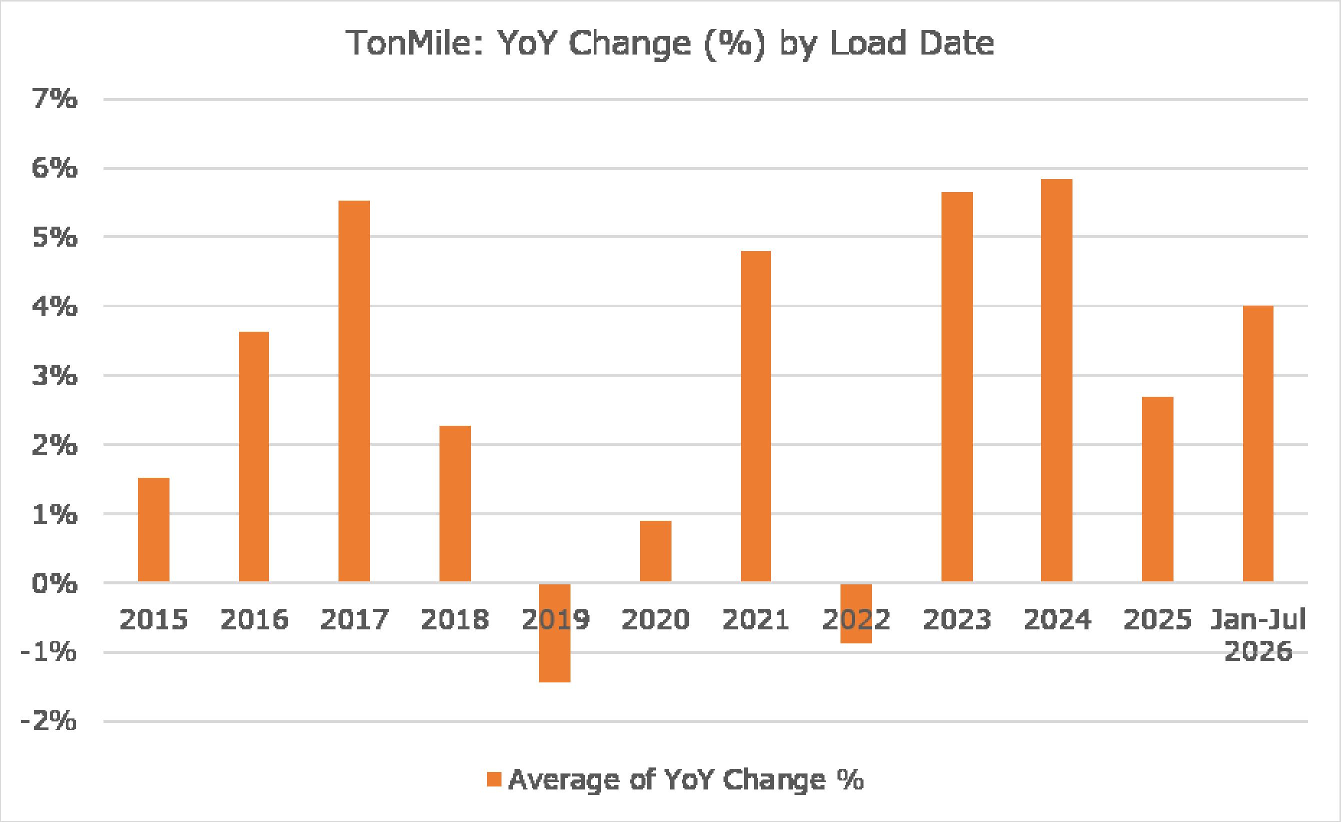
SECTION III · DEMAND

Tonne-Mile / Days Analysis

Demand momentum, commodity mix, and 2026 seasonality

2026 Tonne-Mile Demand

Momentum carries into 2026, Jan–Jul 2026 tonne-mile demand growth strengthening to 4.0% YoY, marking the strongest pace since 2024.



Data Source: AXS

Read-through

Tonne-mile demand strengthened during the first seven months of 2026. Average year-on-year growth reached 4.0% between January and July, accelerating from 2.7% recorded for full-year 2025. Although demand remains below the exceptionally strong expansion seen in 2023 (5.7%) and 2024 (5.8%), the 2026 data indicate a clear improvement compared with last year.

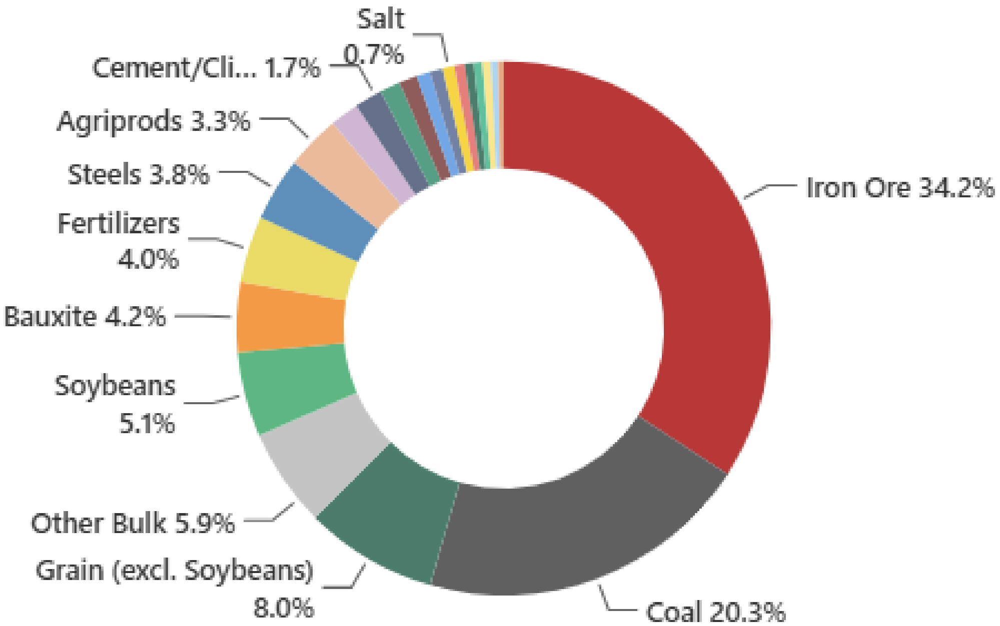
The first seven months of 2026 therefore mark a return to above-average tonne-mile growth after the slowdown observed in 2025. At the same time, the current growth rate remains around 1.8 percentage points below the 2024 peak, indicating that demand has recovered but has not returned to the exceptionally strong pace recorded over the previous two years.

Whether this translates into sustained earnings will depend on how the second half of the year develops relative to continued fleet deliveries and vessel availability, which remain the principal supply-side variables.

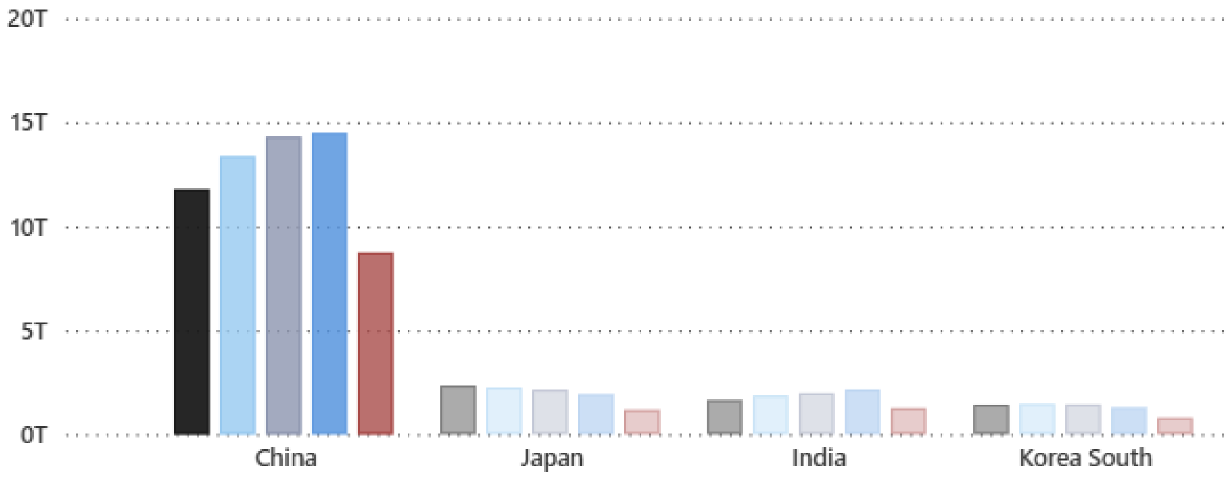
Ton-Mile Distribution by Commodity & Asian Discharge Country

China drives Asia's freight gravity — 62.7 tn tonne-miles, far ahead of peers

By commodity



By Asian discharge country (YTD)

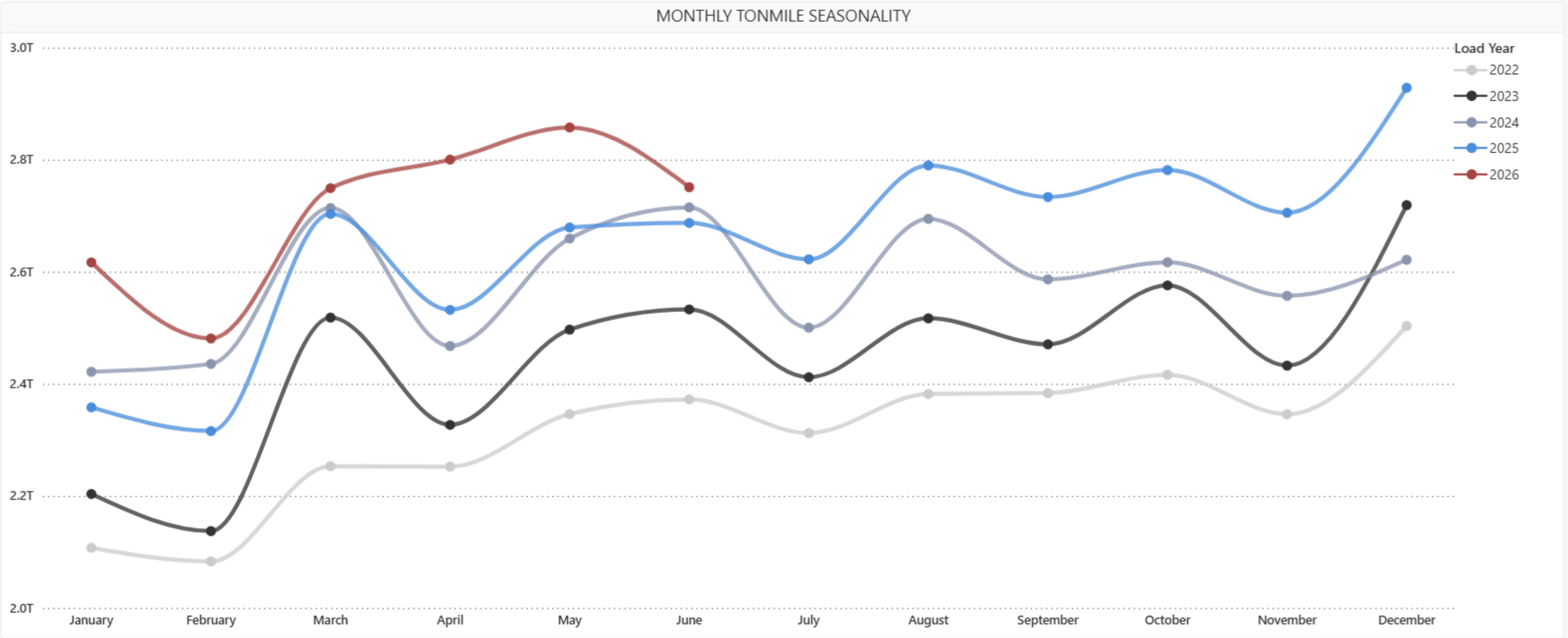


Through the first seven months of 2026, China continues to dominate Asian dry bulk ton-mile demand with 62.7 trillion tonne-miles, maintaining a substantial lead over Japan (9.8tn), India (8.9tn) and South Korea (6.4tn). As the data are year-to-date, the lower cumulative volumes versus end-2025 reflect the reporting period rather than a change in regional demand structure. Iron ore (34.2%) and coal (20.3%) remain the dominant drivers — together 54.5% of demand — while grains (8.0%), soybeans (5.1%), bauxite (4.2%) and other bulks (5.9%) support a well-diversified trade structure.

Data Source: AXS

2026 Monthly Tonne-Mile Seasonality

2025's record pace carries into 2026, tracking above last year through H1



The TonMile metric is based on AXSMarine Trade Flows voyage data and is calculated by multiplying the distance traveled by the intake quantity for each voyage. The distance traveled is derived by average voyage speed and is calculated as follows: *Distance traveled = voyage sea duration * voyage average speed*. The publication of data is deliberately delayed by 30 days to ensure its accuracy. This time is necessary to accumulate enough data to eliminate temporary deviations that could affect the trend and its consistency. It is powered by our "Trade Flows Voyage Details" webservice - also available to you as part of our API Hub service.

Strong utilisation

The record ton-mile performance of 2025 has carried into 2026, with demand consistently tracking above last year's levels through the first half, supporting a continued environment of strong fleet utilisation.

SECTION IV · H2 2026 OUTLOOK

Geopolitics & Trade Disruptions

Long-term macro & geopolitical risks shaping Q3–Q4

China: demand intact, import strength contested

Consumption has not changed — the H2 swing factors are elevated port stockpiles, iron-ore pricing leverage, and a coal-import scramble.

Iron ore — demand vs. stockpiles

High inventories have yet to materially weaken China's seaborne demand.

- Imports track toward another year above 1.3 bn t despite pressured mill margins.
- Port inventories elevated but no longer building at the earlier pace.
- Benchmark eased to ~US$98/t as added supply outweighs steel-demand gains.

Iron ore — Simandou & pricing

A tonne-mile story, not yet a volume replacement for Australia.

- Shipments rising but modest versus Australian trade.
- The dominant theme is China's tougher stance via CMRG in annual contract talks.
- Fortescue says CMRG has disrupted normal flows, as it did earlier with BHP.

Coal — energy crunch & scramble

Competition intensifies, but the strategy stays diversification.

- Thermal imports supported despite softer domestic power demand.
- Mongolia gains share while Indonesia, Russia and Australia compete on price and quality.
- Flows driven by relative pricing and supply security, not a single-supplier shift.

Red Sea & the Strait: minor bulks at risk

With Hormuz shut and oil rerouted to the Red Sea, Middle East minor-bulk flows stay disrupted — a Saudi-led coalition is the swing factor.

Disruption backdrop

- Strait of Hormuz closed amid the US–Iran conflict; Saudi oil rerouted via Yanbu / Red Sea.
- Houthis declared a blockade on Saudi ports from 20 Jul; strikes on Jizan & Yanbu.
- Red Sea traffic fell to a multi-month low by 26 Jul.
- Lloyd's war-risk insurers pulling cover for Saudi-linked cargoes.

Minor bulks & tonne-miles

- Middle East minor-bulk exports disrupted alongside crude; no near-term recovery expected.
- Dry bulk does not price a full Red Sea return — which would cut tonne-mile demand ~2%.

Read: prolonged disruption is net-supportive for dry-bulk tonne-miles.

Saudi coalition — the swing factor

- Saudi Arabia launched a maritime-defence coalition (30 Jul); 13–14 nations agreed, up to 43 proposed.
- Goal: secure the Red Sea and restore diverted oil flows.
- If the coalition seals the strait late → flows normalise and dry-bulk support fades.
- If it stalls → disruption persists, and the dry-bulk case is easy.

Supply & cost: ordering upside + fuel pressure

A tight S/D balance favours demand (supply below demand) — but Simandou-driven ordering and high bunkers are the two-sided risk into H2.

Capesize ordering — upside supply risk

- Orderbook building on Simandou prospects: ~275 Capesize newbuilds; fresh VLOC orders (Winning +6).
- If 120 Mt of Guinean ore displaced Australian tonnes, dry-bulk tonne-mile demand rises ~3.5% (iron-ore ~+10%).

But those deliveries could eventually cover incremental demand — ordering is the upside risk to today's tight, demand-favoured balance.

Bunkers & oil — cost pressure

- Bunkers high on Middle East supply fears + oil escalation: WTI ~$79.6, Brent ~$85 mid-Jul; Brent briefly >$100.
- EIA sees Brent averaging ~$86 in 2026.

Rising bunkers squeeze owners' net earnings now — but add upward pressure on freight and asset prices.

2,740–2,940

BDI range, late July 2026

~$38,860

BCI 5TC recovered by week-end

Strong H2

FFAs price a firm second half

Commodity prices & the Black Sea grain shock

Geopolitics keeps a risk premium under iron ore, coal and grains — the sharpest new leg is renewed Black Sea disruption.

Commodity price risk premium

- With tensions burning, iron ore, coal and grains all carry an upside price risk.
- Iron ore held just under $100 despite surplus — geopolitics is the floor, not the driver.
- Coal pulled higher by China's import scramble; grains rallying hard on Black Sea risk.

Black Sea grain — renewed July shock

- Renewed attacks: 23 strikes on Ukrainian ports and 17 on vessels in early July.
- Ukraine exports −17% early July; monthly capacity 6→4 Mt; Greater Odessa calls nearly stopped; owners halted sailings ~22 Jul.
- Russia rerouting from the Sea of Azov; July exports ~1.5 Mt — weakest July since 2017.

2-yr high

Wheat, Chicago & Paris (Jul 2026)

6 → 4 Mt

Ukraine monthly shipping capacity

28 ships

struck in July; 21 seafarers killed

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