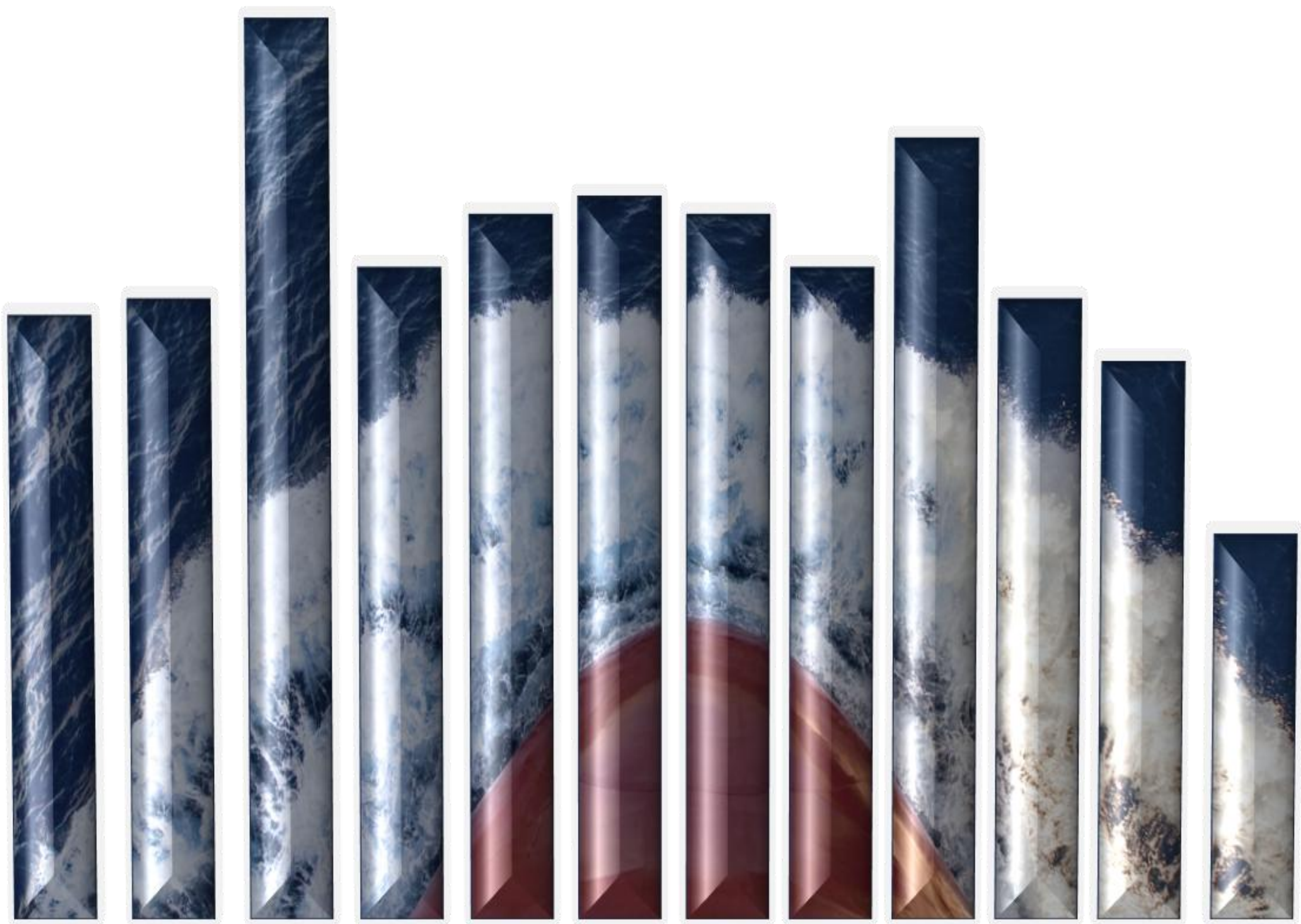
DRY BULK MARKET ANNUAL REVIEW
2024



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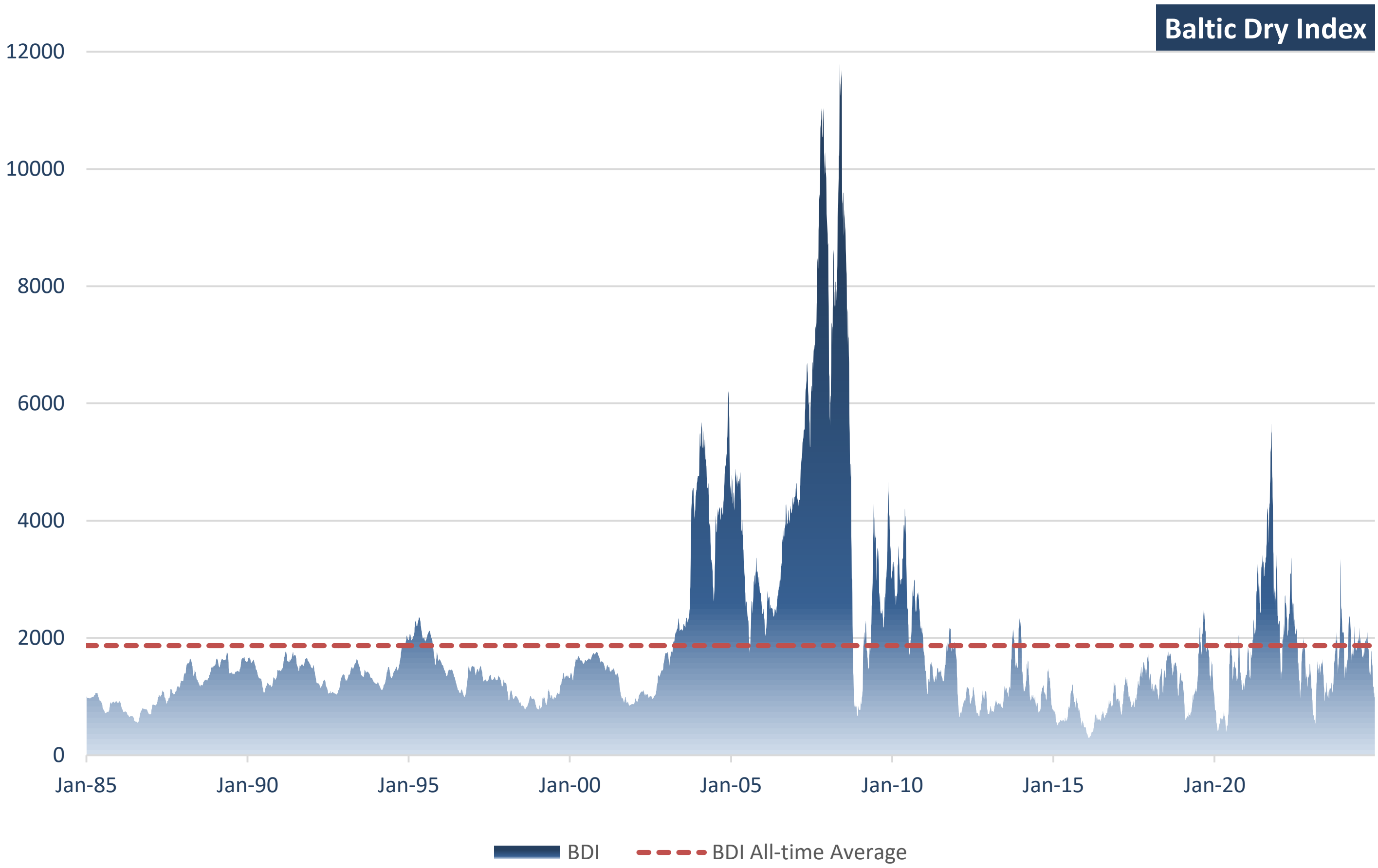
Prelude

2024 unfolded as a year of mixed fortunes for the dry bulk market, characterized by moments of robust performance tempered by later challenges. The Baltic Dry Index (BDI) averaged 1,755 points for the year, comfortably above its historical median but falling short of the expectations set by an exceptionally strong start. After a buoyant first quarter, the remainder of the year saw a subdued activity, culminating in a notably weaker fourth quarter that dampened initial optimism.

The year began on an optimistic note, carried forward by the momentum of late 2023. This confidence was mirrored in our annual sentiment survey conducted in early January, where 62.9 percent of respondents described their outlook as “cautiously optimistic,” and an additional 20 percent expressed outright optimism. Compared to the previous year, pessimism sharply declined, dropping from 39.2 percent to just 17.1 percent. Contributing to this shift in sentiment were rising time-charter rates, expectations of easing inflation, and a sense that the global economy was gradually recovering. Against this positive backdrop, the BDI balanced at 2,093 points on the first trading day of the year, setting a upbeat tone for the months ahead.

The first quarter exceeded expectations, defying the usual seasonal lull to average 1,824 points. As the year progressed, the second quarter maintained healthy trading activity, albeit with a sideways movement, averaging 1,848 points. The third quarter mirrored this steadiness, averaging 1,871 points but showing a distinct V-shaped trend within the period. By contrast, the fourth quarter marked a clear downturn, with demand-side pressures taking hold. The average fell sharply to 1,465 points, closing the year at a mere 997 points, underscoring subdued seaborne trade and the absence of the traditional year-end surge.

Four key themes defined the trading year: the first quarter's exceptional strength, buoyed by the momentum from late 2023; a relatively steady second quarter supported by solid fundamentals; a third quarter influenced by the traditional summer slowdown; and a fourth quarter marked by weakened sentiment and geopolitical headwinds. While the annual performance remained solid, the retreat in momentum and sentiment in the latter months echoed the prevailing cautious optimism voiced by our associates earlier in the year, underscoring both the resilience and vulnerabilities of the dry bulk market in a year of complex economic dynamics.



Act I – "All's Well That Begins Well?"

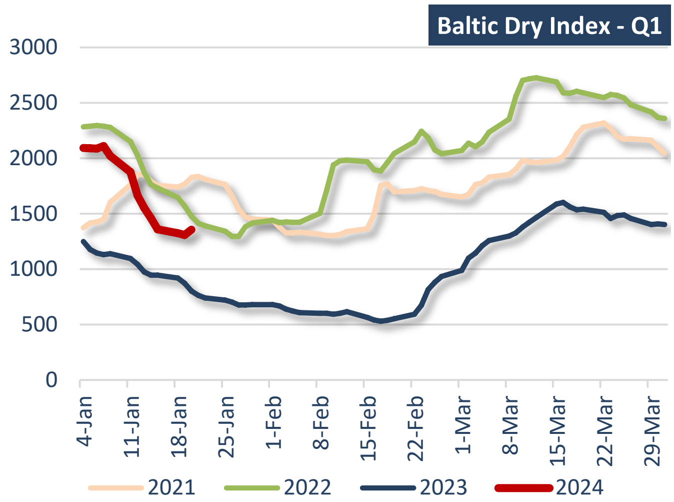
The trading year began its journey into the first quarter with mixed market sentiment, hoping for a reversal from the sharp downturn of the late December 2023. Despite this slump, Baltic TCAs remained well above operational expenses across all segments at quite solid levels. In particular, the BCI-5TCA stood at $ $28,896, BPI-TCA at $16,851, BSI-TCA at $14,392, and the BHSI-TCA at $14,537 daily, on the first trading day of 2024. Additionally, these values were notably higher compared to the corresponding figures from a year earlier. Shifting to the S&P front, there were notable changes in the market. Five-year-old eco Capesizes were fetching around $55.5 million, while Kamsarmaxes of the same age were priced at $34.5 million, marking considerable increases year-on-year. Similarly, a standard five-year-old Ultramax was in the market for approximately $31 million, and a modern 38,000 dwt Handy for $27 million, circa 9 percent higher than their respective early 2023 figures. In the paper market, all forward curves were in contango.

After a couple of weeks of downward pressure in the spot market, the third week commenced with a deluge of data, notably China's fourth-quarter economic performance. In particular, the world second largest economy expanded by 5.2 percent year-on-year in 2023, as reported by the National Bureau of Statistics. China's GDP reached 126.06 trillion yuan (approximately $17.71 trillion) in 2023. China had faced challenges in achieving a robust post-Covid recovery, grappling with an extended property crisis, diminished consumer and business confidence, escalating local government debts, and sluggish global growth. The growth rate for the final quarter of 2023 also stood at 5.2 percent on a yearly basis, an improvement from the 4.9 percent recorded in the preceding period. Government spending played a crucial role in stimulating a recovery from the Covid-19 pandemic.

During 2023, the value added in China's industry witnessed a 4.6 percent year-on-year increase. Breaking down the sectors, the value added in mining rose by 2.3 percent, in manufacturing by 5.0 percent, and in the production and supply of electricity, thermal power, gas, and water by 4.3 percent. The value added in equipment manufacturing experienced a robust growth of 6.8 percent, surpassing industrial enterprises by 2.2 percentage points. The growth in investments in fixed assets reached 3 percent, while the volume of retail trade saw a substantial 7.2 percent year-on-year increase. Concurrently, the total volume of retail trade in consumer goods for 2023 reached 47.15 trillion yuan (approximately $6.63 trillion).

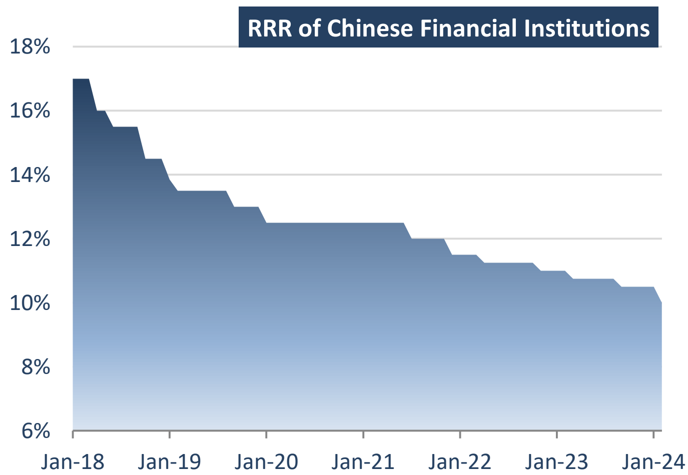
Early January data indicated that the economy was entering 2024 on shaky footing, marked by persistent deflationary pressures. In December 2023, producer prices for industrial products declined by 2.7 percent year-on-year and 0.3 percent month-on-month. Purchasing prices for industrial producers also saw a year-on-year decrease of 3.8 percent and a month-on-month decrease of 0.2 percent. Over the entirety of 2023, producer prices for industrial products decreased by 3.0 percent compared to the previous year, and purchasing prices for industrial producers decreased by 3.6 percent. In parallel, the national Consumer Price Index (CPI) recorded a 0.3 percent year-on-year decrease in December 2023. Amidst a prolonged housing downturn, a soft job market and other challenges such as looming debt risks, consumers in the world's second largest economy had been tightening their purse strings, pushing prices down.

Overall, that trend suggested that the accommodative policy environment had yet to translate into a sustained economic turnaround, potentially prompting a stronger call for supportive interventions looking forward. In stark contrast, the dry bulk spot market witnessed a sudden surge mid-January, leaving many participants wondering whether this was tied to a pre-holiday buying spree or a repetition of the unusually robust first quarter experienced in 2021.



In the last full trading week of January, grain trades saw vibrant activity, contributing to a positive sentiment in the Atlantic basin, particularly for mid-size bulkers. On the other hand, mineral trades faced deflationary pressures, impacting the corresponding Baltic indices. With these dynamics at play, the Panamax segment stood out, closing at $15,263 daily. The geared segments showed a predominantly sideways trend, but still ended positively for the week with the Supramax at $11,711 and the Handysize at $10,735 daily. Conversely, the Capesize segment experienced a loss of momentum as the week progressed, concluding at $17,708 daily.

On the macroeconomic front, China's central bank cut the amount of reserves banks must maintain, a move that was part of efforts to boost growth as investors sour on the outlook for the world's second-largest economy. The 0.5 percentage point cut to the People's Bank of China's reserve requirement ratio, announced by PBoC governor Pan Gongsheng, was expected to inject Rmb1tn ($140bn) of liquidity into the financial system. Reducing the reserve requirements that banks must maintain increased the capacity for lenders to extend loans and spur spending in the broader economy. Pan Gongsheng, Deputy Governor of the People's Bank of China stressed that there was insufficient demand, overcapacity in some industries, weak societal expectations about the future and low-price levels.



Source: People's Bank of China, Doric Research

In reference to seaborne coal, starting from January 1, China reintroduced coal import tariffs ranging from 3 to 6 percent for countries without free trade agreements, affecting Mongolia, Russia, the United States, and Canada. Australia and Indonesia were exempted from these import taxes. Between January and December 2023, China's imports surged by 61.8 percent to a record-high of 474.42 million tonnes. Looking into 2024, Chinese coal imports would be significantly influenced by a range of factors. The government's strategic goals include boosting domestic coal production, a response to the energy crisis experienced in 2021. However, as in every trading year, a considerable volume of coals was expected to be imported.

While coal was sending mixed signals in late January, there was an optimistic development in the iron ore sector, marking its best week since November on the backdrop of improved sentiment in China. Dalian iron ore experienced a notable 4.3 percent increase on a weekly basis, the most significant gain since November 2023. Similarly, the Singapore iron ore contract rose by the same percentage in the last week of January. Following the reserve requirement ratio cut, Chinese authorities were reportedly contemplating mobilizing approximately 2 trillion yuan ($278.61 billion) to stabilize a declining stock market. That move was seen as a significant effort to boost risk sentiment, as highlighted in a Bloomberg report. With these factors in consideration and Baltic Indices maintaining higher year-on-year balances, the dry bulk shipping industry was approaching the Chinese New Year holidays with a more positive outlook compared to the same period a year earlier.

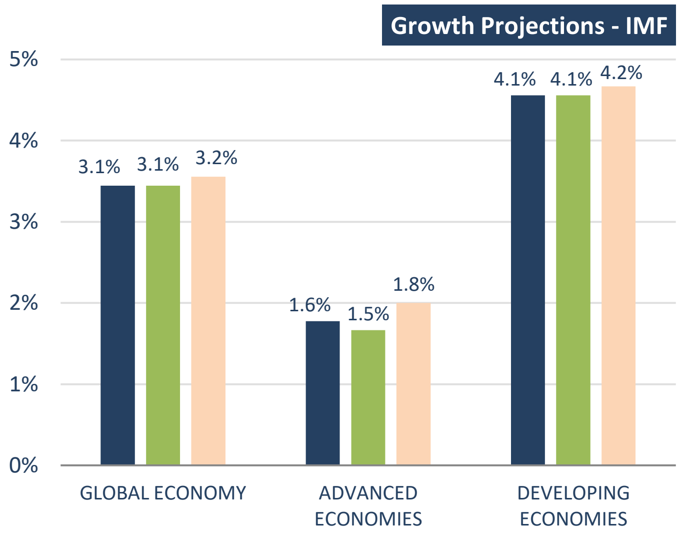
In early February, the International Monetary Fund (IMF) stressed that the prospect of a hard landing had diminished, and the risks to global growth were generally balanced. The IMF's chief economist, Pierre-Olivier Gourinchas, stressed that a "soft landing" was in sight, but overall growth and global trade still remained lower than the historical average. Several factors contributed to that divergence, including heightened central bank policy rates aimed at combatting inflation, a reduction in fiscal support amid escalating debt levels, and low underlying productivity growth. Additionally, the Fund raised its global growth forecast for 2024, pointing to the better-than-expected economic performance of the US and Chinese economies last year. In particular, global growth was anticipated to reach 3.1 percent in 2024 and 3.2 percent in 2025. That represented an increase of 0.2 percentage points from the October 2023 World Economic Outlook (WEO) projection. Despite that upward revision, it was noteworthy that the forecast for 2024-25 remained below the historical average of 3.8 percent recorded between 2000 and 2019.

The United States experienced a substantial upgrade, with its GDP forecast indicating a 2.1 percent expansion in 2024, a notable increase from the 1.5 percent projection in October 2023. However, a moderated growth of 1.7 percent was anticipated for 2025. In contrast, the outlook for Europe saw a slight downgrade for the current year, primarily attributed to weaker-than-expected growth in 2023. The region faced challenges such as tight monetary conditions, withdrawal of fiscal support post-pandemic, and low productivity, hindering overall performance. Additionally, European economies bore the impact of relatively high exposure to the conflict in Ukraine. Looking ahead into 2024, there was a 0.3 percent reduction in the growth forecast compared to the October report. Nevertheless, a recovery was anticipated, with GDP growth projected to reach 0.9 percent in the Eurozone.

Regarding emerging and developing Asia, India was anticipated to sustain robust growth, projected at 6.5 percent for both 2024 and 2025. That represented a positive revision of 0.2 percentage points for both years compared to the October forecast, highlighting the country's resilience in domestic demand. In the case of China, growth was projected at 4.6 percent in 2024 and 4.1 percent in 2025, reflecting an upward revision of 0.4 percentage points for 2024 compared to the October 2023 World Economic Outlook. That adjustment was attributed to the carryover effect from stronger-than-expected growth in 2023 and an increase in government spending focused on capacity building to address natural disasters.

The outlook for global trade growth indicated a projection of 3.3 percent in 2024 and a slightly higher 3.6 percent in 2025. However, that fell below the historical average growth rate of 4.9 percent. Persistent challenges, such as rising trade distortions and geoeconomic fragmentation, were anticipated to exert continued pressure on the overall activity. A concerning trend was noted in the increasing imposition of trade restrictions by countries. In 2022, approximately 3,200 new restrictions on trade were introduced, followed by around 3,000 in 2023. That marked a significant rise from the 1,100 restrictions recorded in 2019, as indicated by data from Global Trade Alert.

Aligned with the IMF's upward revision of global growth, Baltic indices stepped into February considerably higher year-on-year. Despite some downward pressure, the prominent Capesize index concluded in the first Friday of February at $16,837 daily, marking a remarkable surge of 307 percent compared to the same period last year. In sync, the Baltic Panamax Index balanced at $12,996 daily, or 40 percent higher year-on-year. Despite experiencing a 20 percent decline in value during January, the Supramax segment managed to sustain a position that was still 53 percent above the levels observed in early February 2023, at $11,446 daily. In parallel, the Handysize segment started February 34 percent above the levels recorded during the same period last year.



Source: IMF, Doric Research

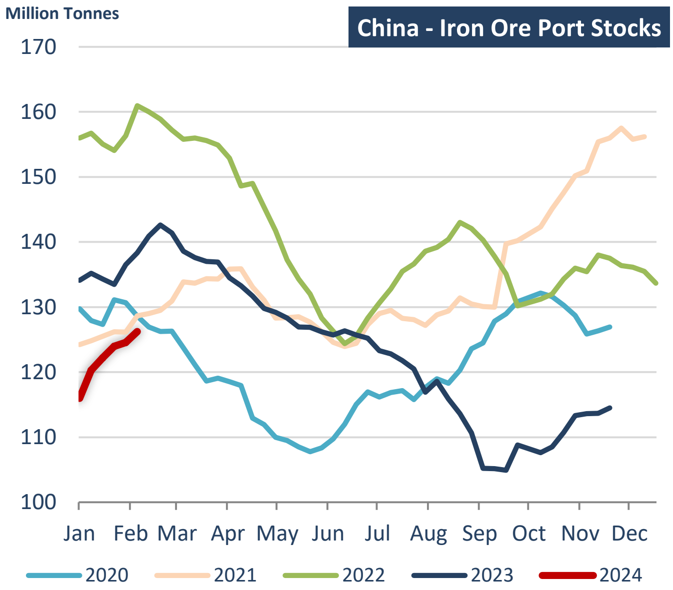
On the same tone with IMF, the OECD emphasized that global output growth demonstrated unexpected resilience last year, defying initial concerns of a sharper slowdown amidst declining real incomes and rapid monetary policy tightening at the onset of 2023. The United States experienced particularly robust growth, driven by strong consumer spending. Households continued to draw down excess savings accumulated since the pandemic's onset, coupled with increased government spending. Conversely, many other advanced economies, notably in Europe, faced weaker outcomes, attributed to the relative reliance on bank-based finance and persistent adverse impacts of energy price shocks. Despite tighter financial conditions, emerging-market economies generally maintained solid growth rates, supported by substantial infrastructure investments, notably in India. Although China witnessed a rebound in activity following the economy's reopening, soft consumer spending and ongoing contractions in the property sector restrained domestic demand.

Furthermore, OECD's high-frequency activity indicators indicated a continuation of moderate growth trends of late. Business surveys suggested stronger activity in services compared to manufacturing, with industrial production stagnating outside of China in early 2024. There were clear indications of robust near-term momentum in India, relative weakness in Europe, and mild growth in most other major economies. Consumer confidence remained subdued compared to longer-term norms in many advanced economies and China. Regarding international trade, there were emerging signs of improvement. A gradual increase in semiconductor and electronics production in Asia, coupled with stronger car sales, was bolstering merchandise trade. Additionally, services trade was benefiting from the return of international air passenger traffic to pre-pandemic levels. However, survey measures of export orders, particularly in manufacturing, generally remained modest, and new supply disruptions were beginning to emerge.

In Mid-February, the celebration of Chinese New Year is not just a cherished tradition but also a significant economic catalyst for the travel industry. Official reports indicated that more than 61 million rail trips were taken in the first six days of the national New Year holiday. That figure represented the highest recorded in data compiled by Bloomberg News over the last five years and reflected a remarkable 61 percent increase compared to the same vacation period in 2023. Regarding the duration of stays, the majority of travelers, both domestic and international, opted for stays ranging from 2 to 6 nights, aiming to maximize their enjoyment of the holiday season.

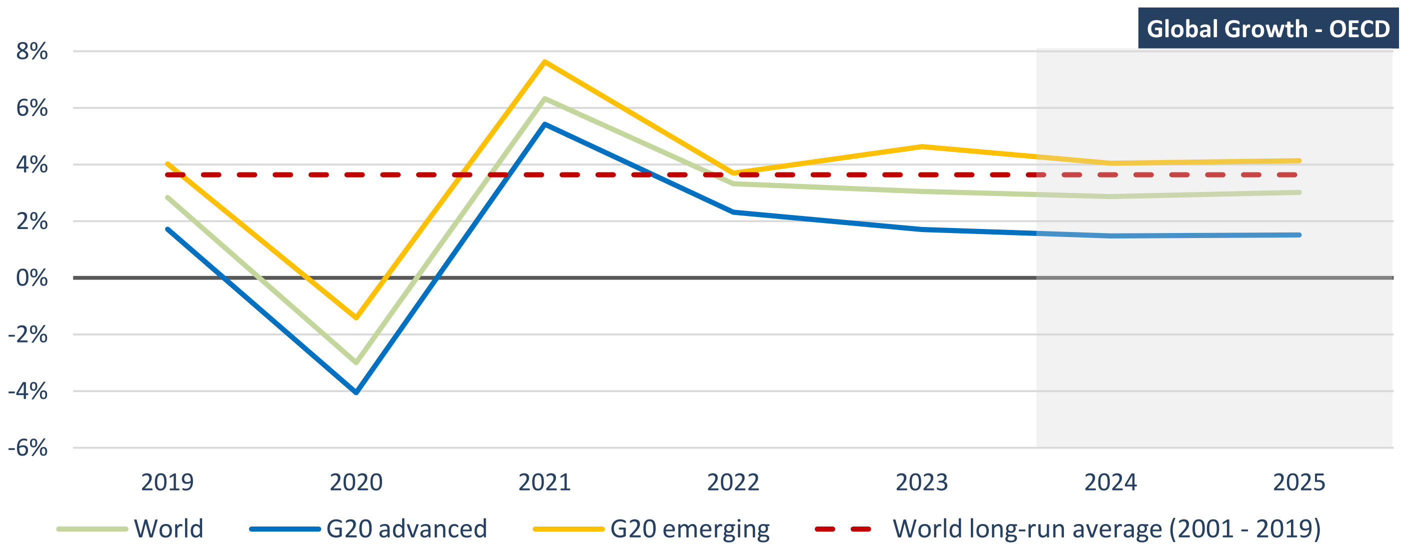
In a buoyant mood reminiscent of the festivities, the spot market reported gains for the seventh trading week, concluding at 1610 points. Demonstrating an impressive year-to-date performance, the leading Capesize index surged into the $20,000 territory on the first trading day of the seventh week. Similarly, following robust weekly gains, the Panamax segment was on the verge of hitting $15,000 daily, doubling its value from that day the previous year. The geared sub-market maintained a position in the five-digit territory for 118 consecutive trading days, with BSI TCA and BHSI TCA settling at $11,783 and $10,287 daily, respectively. Although both indices fell short of previous December highs, they significantly surpassed mid-February 2023 values.

A few weeks back, Refinitiv updated its China Iron Ore model, integrating the latest data from China's National Bureau of Statistics and the China Iron Ore and Steel Association. The model forecasted that, despite the ongoing property sector crisis, demand for iron ore was expected to grow by 1.8 percent year-on-year during the first quarter of 2024. Moreover, total iron ore demand was projected to increase by 1.1 percent throughout the year. However, structural challenges in China's real estate sector, along with deflationary pressures and subdued consumer confidence, continued to exert downward pressure on the iron ore market outlook. Counterbalancing these factors, the People's Bank of China pledged to support the economy and was expected to implement a 10 basis point cut to the loan prime rate in the first quarter. Additionally, China's manufacturing sector demonstrated stronger-than-anticipated performance, with stimulus measures effectively boosting industrial activities. The automotive sector, in particular, showed resilience, with electric vehicle (EV) sales increasing for five consecutive months. While it remained uncertain whether the growth in EV manufacturing could actually offset losses stemming from the property sector crisis, it was expected to provide substantial support to the iron ore market.



Source: Refinitive, Doric Research

Despite these challenges, the sluggish recovery of China's property sector was driving further stimulus measures this year, which could serve as a supportive factor for the iron ore market. Additionally, the accumulation of imported iron ore stocks at China's major 45 ports, as reported by Mysteel's weekly survey, saw volumes rise to a 10-month high of 131.5 million tonnes. However, it's important to note that despite this increase, stockpiles remained 6 percent lower compared to the previous year.

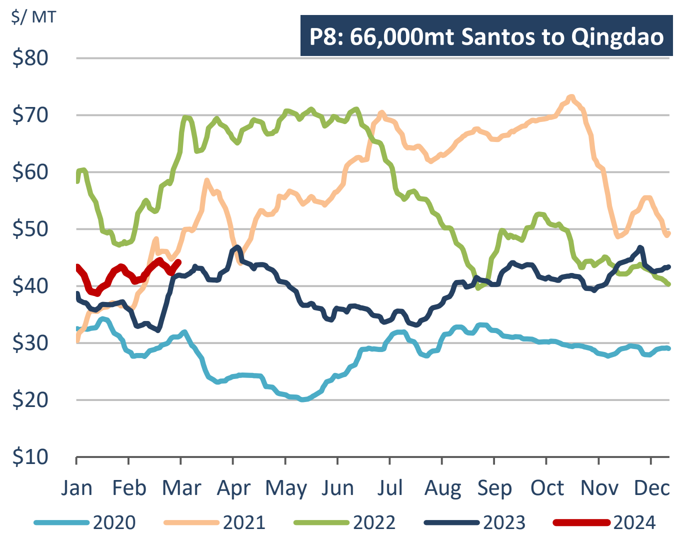


Source: OECD, Doric Research

Note: Aggregates use moving nominal GDP weights at purchasing power parities (PPPs).

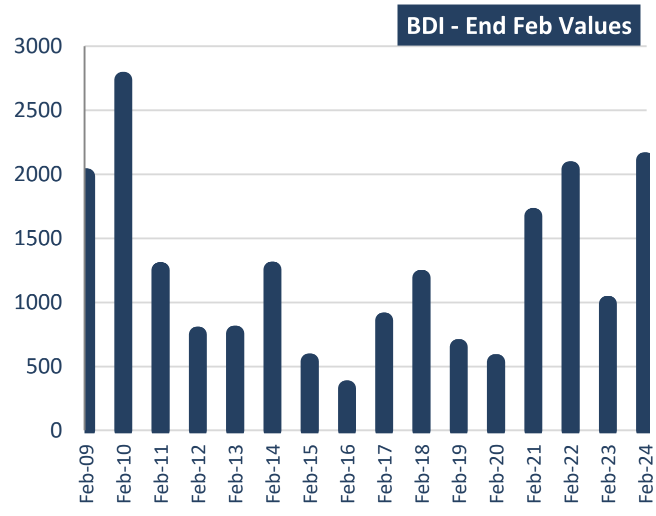
On staple grain routes, the latter part of February saw a notable slowdown in Chinese soybean imports. US soybean exports to China fell by nearly half compared to the previous season. Amid abundant global supplies, US soybean prices continued their downward trajectory through February. That decline was attributed to technical selling, improved South American harvest prospects, and concerns over oilseed demand, as reflected in the Chicago Board of Trade soybean futures, which dropped to their lowest point in more than three years. In stark contrast, Brazil's domestic soybean basis experienced upward momentum amid sluggish farmer sales and dormant logistical activity. According to market sources cited by Agricensus, Brazilian farmers' reluctance to sell led to an oversupply of idle logistics capacity, a situation markedly different from the dynamics observed the previous year. As a result, Brazil's grain exporters' association, Anec, revised its February export forecasts, lowering estimates for corn and soymeal while leaving soybean projections unchanged.

Against this backdrop, the key P6 (ECSA RV) index averaged approximately $15,000 daily during the first two months of 2024, significantly higher than the $10,500 daily average recorded over the same period in the previous year. However, market dynamics between the two years were starkly different. In late February 2023, the east coast of South America, a critical hub for grain exports, experienced daily gains fueled by robust demand. In contrast, trading days in early March 2024 were characterized by severe downward pressure, with fixtures in the ECSA region falling well below index levels. Despite prevailing concerns over the outlook for grain and coal trades, the early months of 2024 witnessed notable activity in Panamax period chartering. This trend suggested optimism for a stronger spot market throughout the remainder of the year. Well-described vessels were securing premiums far above the average rates of 2023, reflecting firm demand and heightened confidence in the market's resilience.



Source: Baltic Exchange, Doric Research

Amid an air of optimism, the dry bulk sector reached 2111 points on the first Friday of March – a level not observed during this period in recent years. However, while the spot market exuded confidence, the broader macroeconomic and commodity landscape painted a more subdued picture. Steel production, a key driver of dry bulk demand, began 2024 at a slower pace. According to the World Steel Association, crude steel production across 71 reporting countries totaled 148.1 million tonnes in January 2024, a 1.6 percent decline compared to January 2023. China's steel mills, the largest contributors to global output, were estimated to have produced 77.2 million tonnes, a significant 6.9 percent drop from the 83 million tonnes recorded in the same month last year. Other leading steel producers also posted year-on-year declines. Brazil's output fell by 7.2 percent in January, while the United States and Germany recorded production losses of 6.8 million tonnes and 2.9 million tonnes, respectively. Conversely, India stood out as a bright spot among major steel-producing nations. With an estimated output of 12.5 million tonnes in January, India recorded a robust 7.3 percent year-on-year increase, further solidifying its position as a key buyer of U.S. and European scrap materials.

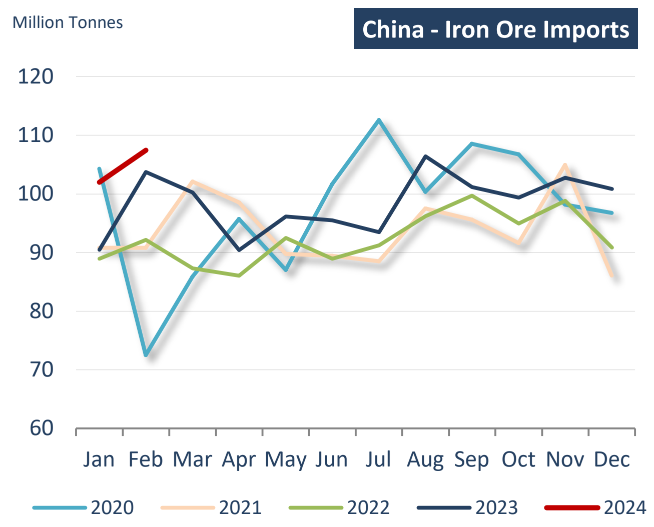


Source: Baltic Exchange, Doric Research

Regarding China, alongside a subdued start to its extensive steel industry, manufacturing activity in the world's second-largest economy contracted for a fifth consecutive month in February. Specifically, the official manufacturing Purchasing Managers' Index (PMI), compiled by the National Bureau of Statistics, declined to 49.1 in February from 49.2 in January, notably driven by a significant drop in the output component. Apart from September last year, China's official manufacturing PMI had remained below the 50-mark, which separates growth from contraction, since March 2023. Despite the poor data resulting from sluggish momentum as factory activity slowed and holiday disruptions, Baltic indices seem to be exhibiting an unusual buoyancy in early March.

In a strikingly similar trend to the Baltic indices, with the BCI TCA reaching a fresh 2024 high of $35,201 daily and the BPI TCA continuing its upward trend at $16,750 daily in the second Friday of March, China's imports and exports surpassed expectations, indicating a positive shift in global trade flows for the January-February period compared to the previous year. Official data revealed an 8.7 percent year-on-year expansion in China's total goods imports and exports in yuan terms during the first two months of 2024. During the January-February period, China's foreign trade in goods reached 6.61 trillion yuan (equivalent to 930.96 billion US dollars). Exports surged by 10.3 percent year on year to 3.75 trillion yuan, while imports increased by 6.7 percent compared to the same period in 2023, totaling 2.86 trillion yuan. Lyu Daliang, an official from the General Administration of Customs, stressed that China's trade in goods had sustained the upward momentum observed in the fourth quarter of the previous year, marking the fifth consecutive month of year-on-year growth.

In the dry bulk trade, China's iron ore imports surged by 8.1 percent during the first two months of 2024 compared to the same period in the previous year, driven by a wave of restocking among steelmakers. Customs data indicated that the world's largest iron ore consumer imported 209.45 million metric tonnes of this key steelmaking raw material during the period, setting a record high. However, that surge in imports contributed to a significant build-up in portside inventories, which climbed to a one-year high of 138.9 million tonnes, adding pressure to the market.



Source: GAC, Doric Research

A similar upward trajectory was observed in China's coal imports, which jumped by 23 percent year-on-year during January and February 2024, defying analyst expectations and reaching record levels for the period. Total imports amounted to 74.52 million metric tonnes, a sharp increase from the 60.63 million tonnes recorded in the same period of 2023. Despite that surge, policy adjustments had reshaped trade flows. In December 2023, China's cabinet reinstated coal import tariffs ranging from 3 to 6 percent on nations without two-way free trade agreements with Beijing. These tariffs, effective January 2024, had a pronounced impact on key suppliers, particularly Mongolia and Russia, introducing new dynamics to the market landscape.

In stark contrast to the surge in iron ore and coal imports, China's soybean imports fell to a five-year low during the first two months of 2024. That decline was primarily driven by poor crushing margins and reduced ship arrivals during the Lunar New Year holidays. Combined soybean imports for January and February totaled just 13.04 million metric tonnes, reflecting an 8.8 percent year-on-year decline and marking the lowest level for this period since 2019, according to Reuters records.

The resilience observed in imports of key industrial commodities stood in sharp contrast to the softer outcomes across other sectors of the world's second-largest economy. This divergence heightened the probability of further stimulus measures from Beijing. However, uncertainty lingered over whether incremental measures would suffice or if a more aggressive, "bazooka" approach might be necessary to reinvigorate the economy. Early signals from commodity prices and dry bulk forward curves pointed toward a continuation of gradual, targeted interventions rather than bold, sweeping policies.

A year after Credit Suisse disclosed "material weaknesses" in its internal controls over financial reporting, the twelfth trading week of 2024 passed without any major headline-grabbing events. It was a relatively uneventful period for the markets, marked by a downward adjustment in the Baltic Dry Index, which closed at 2,196 points. The leading Capesize index, which had maintained rates above $30,000 daily for fifteen consecutive trading days, ended the week lower at $28,875 daily. Similarly, the Baltic Panamax index, which reached multi-month highs of $20,685 daily on Monday, declined to $19,483 daily by Friday's close. In contrast, the geared segments experienced gains, with the Supramax and Handy indices rising to $15,212 and $14,309 daily, respectively.

While international markets exhibited a semblance of calm, discussions intensified around the fairness of China's trade practices. Western nations increasingly criticized Beijing's subsidization of domestic manufacturing, arguing that it conferred an unfair advantage in global trade. In response, China dismissed these allegations, emphasizing its production efficiency and defending its role in international markets.

In the opening months of 2024, China recorded a robust performance in foreign trade. Data from the General Administration of Customs showed that between January and February, China's foreign trade in goods reached 6.61 trillion yuan (approximately $930.96 billion), reflecting an 8.7 percent year-on-year increase. Exports led the charge, rising by 10.3 percent year-on-year to 3.75 trillion yuan, while imports also demonstrated notable growth, increasing by 6.7 percent compared to the same period in 2023, totaling 2.86 trillion yuan. Exports of machinery and electronic products remained a cornerstone of China's trade portfolio, comprising nearly 60 percent of total export value during this period. China's trade with its largest partner, the Association of Southeast Asian Nations (ASEAN), surged by 8.1 percent year-on-year, reaching 993.24 billion yuan, further emphasizing the region's critical role in China's trade network. However, these developments also fueled escalating international criticism, particularly regarding Chinese industrial oversupply, which some argued was distorting global trade dynamics.

Earlier on March, the European Commission emphasized that it had gathered "sufficient evidence" indicating that imports of new battery electric vehicles from China had received subsidies. These subsidies included direct transfer of funds, tax breaks, or the provision of goods or services by the public below market prices. As a response, the Commission initiated an anti-subsidy investigation into Chinese battery electric vehicles to assess whether tariffs should be imposed to safeguard EU producers. The investigation was set to conclude by November, although provisional duties could be imposed as early as July. In response to these developments, the China Chamber of Commerce to the EU expressed disappointment, stating that the surge in imports reflects the increasing demand for electric vehicles in Europe. China's auto exports surged 30.5 percent year-on-year to 822,000 units in the first two months of this year, data from the China Association of Automobile Manufacturers showed.

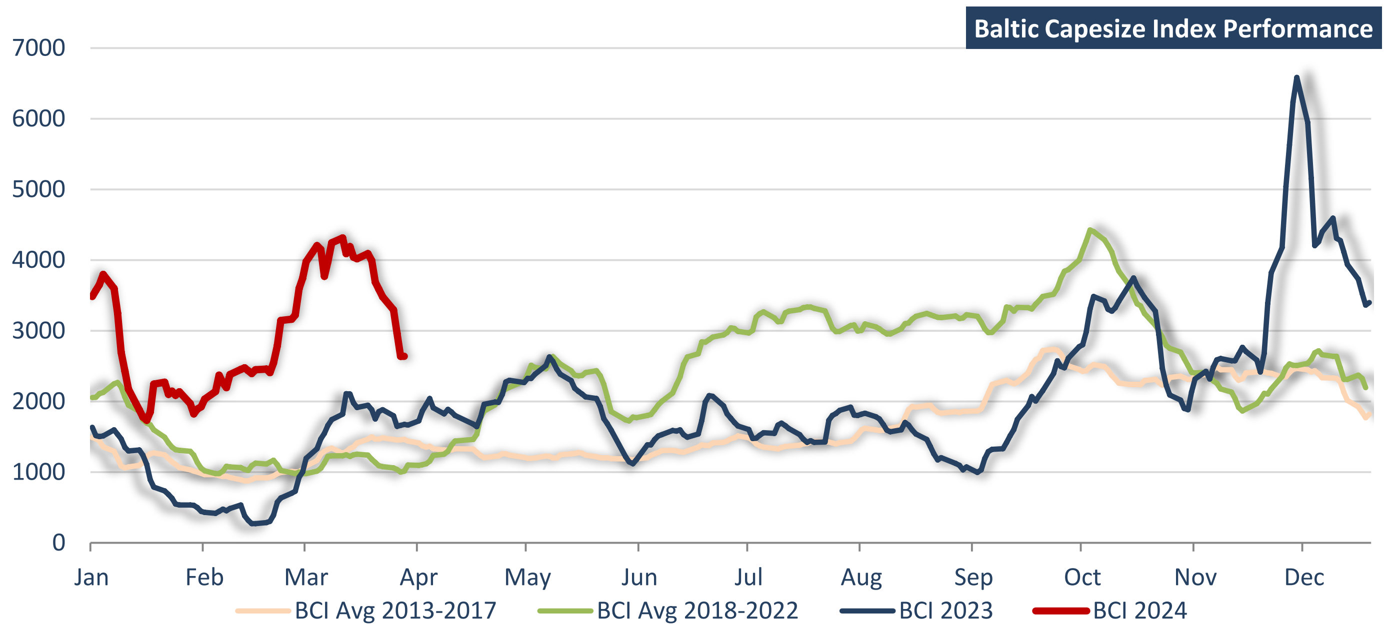
On the same wavelength, Brazil's Ministry of Industry launched several investigations into the alleged dumping of industrial products by China, as Latin America's largest economy faced a surge of cheap imported goods. Specifically, the Brazilian Ministry of Development, Industry, Trade, and Services initiated an investigation targeting the imports of flat rolled products of iron or non-alloy with thickness lower than 0.5 mm from China. Notably, that investigation did not encompass the primary concerns of the Brazilian steel industry, namely HRC and CRC. The Brazilian Steel Institute was advocating for an increase in the import tax on these products to 25 percent, up from the current average of 12 percent. However, Brasília was likely to seek to avoid a confrontation with Beijing, given that China is Brazil's largest trading partner and a significant purchaser of commodities such as soybeans and iron ore.

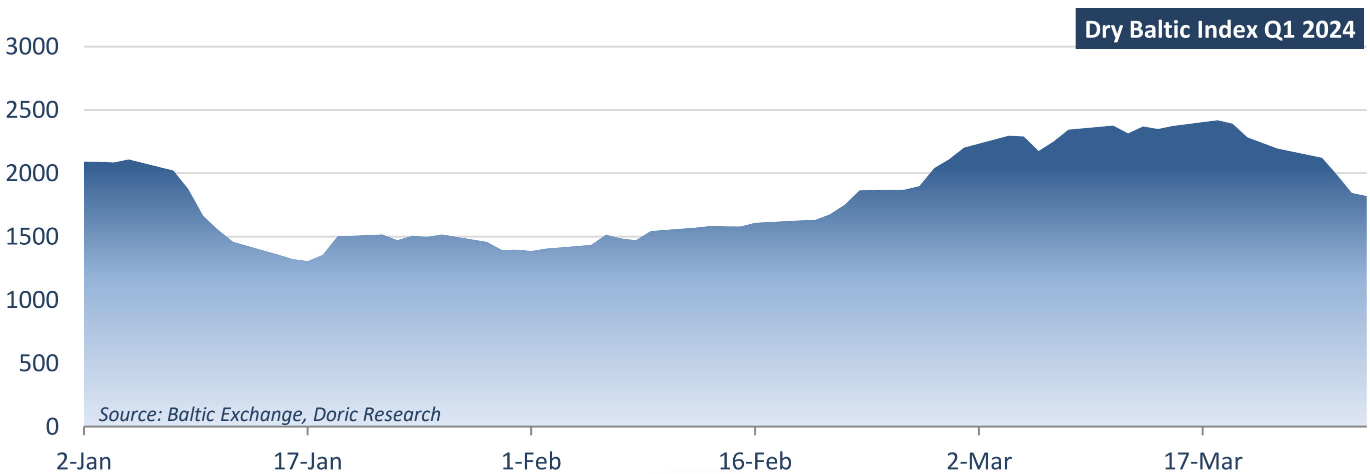
As the first quarter of 2024 approached its conclusion, the downward correction that began earlier in March persisted through the thirteenth trading week, pushing the Baltic Dry Index (BDI) down to 1821 points. This marked a significant decline, with the week's closing approximately 600 points lower than the highs seen earlier in March. Despite the ongoing sell-off, the index remained 23 percent higher year-on-year, underscoring the relative strength of the dry bulk market compared to the previous year. On average, the first quarter proved to be notably fruitful, with the BDI averaging 1824 points—substantially higher than the 1011-point average recorded during the same period in 2023. A closer examination of the index revealed two divergent trends in the latter part of March. The market for gearless bulkers, particularly Capesizes and Panamaxes, faced mounting pressure. After reaching multi-month highs of $35,780 daily in early March, the Capesize index plunged to $21,866 daily by the end of the month. Panamax rates also suffered, shedding approximately $4,000 within two weeks to close at $16,913 daily. In stark contrast, the geared bulker market displayed resilience. Supramax and Handysize rates concluded March at $14,638 and $13,898 daily, respectively, holding just below their quarterly peaks and maintaining a largely sideways trend.

Against this backdrop, the segment most influenced by China, Capesizes, achieved a notably robust average of $24,286 daily for the first quarter of 2024, marking a significant increase of 165.6 percent year-on-year. Moving to the Panamax segment, the BPI 82 TCA recorded a respectable quarterly average of $15,447 daily, reflecting a 36.4 percent improvement over the previous year. Supramaxes and Handies maintained a solid footing in the first quarter with three-month averages of $12,961 daily and $11,998 daily, respectively. These figures denote increases of 27.4 percent and 23.7 percent over their averages from the previous year. Furthermore, when examining a broader timeframe, all segments except Capesizes reported their best Q1 performances in recent years. Capesize Q1 performance was even more impressive, surpassing not only the seasonally weakest Q1 periods of previous years but also outperforming the majority of the typically stronger Q3 and Q4 periods.

In the Sale and Purchase market, modern eco five-year-old Capesize vessels commanded an average price of $58 million during the first quarter of 2024, reflecting an increase of approximately $12 million compared to the same period in the previous year. With robust spot market performance for much of the quarter, prices surged further by the end of March, reaching $62 million—up by $7 million from early January levels. Similarly, modern Kamsarmax vessels averaged $35.25 million over the quarter, representing a $5 million increase compared to the average for the first quarter of 2023. This price strength was supported by sustained demand for grain and coal trades, which buoyed both the spot and S&P markets for this segment. In the geared segment, five-year-old Ultramax and large Handysize vessels also experienced notable gains. Ultramax prices averaged $32.25 million in the first quarter, up 10.5 percent year-on-year, while large Handysizes averaged $27 million, marking an 8 percent increase compared to Q1 2023.

As the market bids farewell to a flourishing first quarter, the dynamics of the preceding three months imbued the sector with a renewed sense of optimism. According to data from commodity analysts Kpler and LSEG Oil Research, China's imports of crude oil, liquefied natural gas, coal, and iron ore all demonstrated strong year-on-year growth in the first two months of 2024. Complementing this robust commodity demand, China also recorded a solid start in foreign trade. The General Administration of Customs reported a 10.3 percent year-on-year increase in exports to 3.75 trillion yuan, while imports posted similarly notable gains. Looking ahead to the seasonally strongest periods of the second and third quarters, market sentiment remained mixed. While expectations of heightened trading activity offered grounds for optimism, caution persisted amid the high benchmarks set by Q1's exceptional performance.





Source: Baltic Exchange, Doric Research

Act II – "Much Ado About Movement"

The second quarter started with the WTO expecting a recovery of trade volume to 3.2 percent in 2024. However, rising trade distortions and geopolitical fragmentation were expected to weigh on global trade going forward. The IMF noted 3,200 new trade restrictions imposed in 2022 and about 3,000 in 2023, up from about 1,100 in 2019.

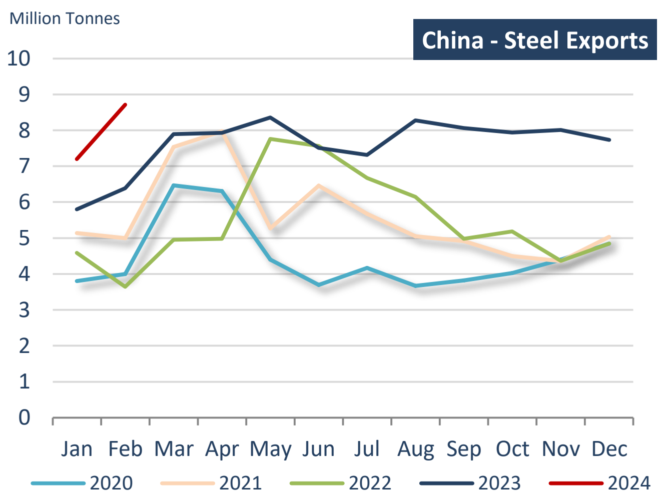
In the realm of iron ore trade, China's imports surged to record levels in 2023. Combined shipments from Australia, Brazil, South Africa, and Canada reached an estimated 1,370 Mt in 2023, marking a 2.6 percent increase from 2022. Iron ore shipments from Brazil rose by 21 Mt in 2023. Australia exported 893 Mt of iron ore in 2023, up by 1.1 percent. Over a five-year outlook, Australia's iron ore production was projected to increase by 1.9 percent a year, to reach 1,069 Mt by 2029. Beyond Australia and Brazil, exports were expected to receive a boost from additional supply originating from Canada and India, as well as from new projects in Africa. One such project is the Simandou mine in Guinea, projected to produce over 150 Mt per annum, targeting first production in 2025-26. Over the next five years, global trade in iron ore was forecasted to grow by 2.1 percent annually, according to the Australian department of industry, science and resources.

Seaborne thermal coal demand saw significant growth in 2023, increasing by 7 percent year-on-year. Indonesia remained the world's top exporter of thermal coal, with exports totaling 521 Mt – up by 12 percent from the previous year. However, Indonesia's export volumes were projected to decline slightly over the next five years, reaching 507 Mt by 2029. In the wake of EU sanctions, China emerged as Russia's largest export market for coal. Russia exported 75 Mt of coal to China in 2023, marking a 60 percent increase year-on-year. However, this trend could be affected by China's decision to reinstate import tariffs on countries without Free Trade Agreements. Seaborne thermal coal exports from the US surged by 23 percent in 2023, reaching a five-year high of 44 Mt, but were expected to decline to 39 Mt by 2029. Similarly, Colombian exports were projected to decrease due to the country's decarbonization goals and depleting reserves, falling from 56 Mt in 2023 to 39 Mt by 2029. South African exports were also expected to drop from 74 Mt in 2023 to 59 Mt by 2029. In contrast, Australian thermal coal exports concluded 2023 on a strong note, with 18.9 Mt exported in December – the highest since July 2021. Australian exports were projected to hold steady at 210 Mt over the next five years, with a favourable near-term outlook. Global seaborne thermal coal imports were expected to decline at an average annual rate of 2.6 percent from 1,120 Mt in 2023 to 957 Mt by 2029.

Global demand for metallurgical coal soared to 317 Mt in 2023, marking an 8 percent increase from 2022, with India and China being the main drivers. In a significant development, India surpassed China to become the world's leading importer of seaborne metallurgical coal. However, China still held the top spot for overall (land and sea) imports. Demand from other markets remained relatively stable. US exports performed strongly in 2023, reaching 43 Mt. Seaborne exports from the US were projected to remain flat in the next years, with a slight decline to 42 Mt by 2029. Mongolia experienced a substantial increase in metallurgical coal exports in 2023, with volumes more than tripling from 14 Mt in 2022 to 48 Mt. However, exports were expected to decrease to 35 Mt by 2025 and remain around that level thereafter. On the other hand, exports of Canadian metallurgical coal were anticipated to decline from 29 Mt in 2023 to 26 Mt by 2029. Russia witnessed a robust growth in metallurgical coal exports in 2023, rising to 44 Mt compared to 37 Mt in 2022. Over the next period, Russian seaborne exports were forecasted to experience a slight decline to 42 Mt by 2029. Australia's metallurgical coal production and exports faced constraints in recent years due to adverse weather conditions and logistical challenges. However, higher production in NS Wales and Queensland was expected to boost exports from 156 Mt in 2022-23 to 175 Mt by 2029. Global trade in metallurgical coal surged to 349 Mt in 2023, representing an almost 12 percent increase from 2022. However, world exports were anticipated to decline to 333 Mt by 2029.

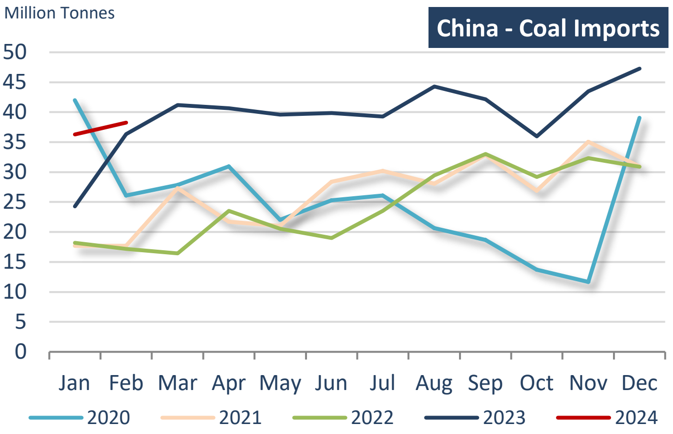
Looking ahead, Australia's Department of Industry, Science, and Resources anticipated that Chinese demand would continue to exert a significant influence on commodity markets. However, the department also highlighted India's robust economic growth. India's expanding manufacturing base and substantial infrastructure spending pointed toward an increase in per capita consumption of resource and energy commodities. Additionally, the ongoing global energy transition and efforts towards decarbonizing steel and aluminum production, along with supply chain transformations, were expected to impact growth and trade patterns in the coming years.

Data from mid-April revealed that China's exports and imports fell short of expectations in the previous month, highlighting ongoing challenges for the world's second-largest economy. Exports experienced a sharp contraction, while imports unexpectedly declined, with both registering a modest 1.5 percent year-on-year growth in the first quarter. In March, China's exports plummeted by 7.5 percent year-on-year in value, marking the largest decline since August of the previous year. This sharp drop sharply contrasted with the 2.3 percent decline forecasted by economists in a Reuters poll. The decline in exports was driven more by falling values than by reduced volumes. Overcapacity in sectors targeted by industrial policies, such as electric vehicles and solar panels, has impacted export prices. Despite the overall weakening of exports in March, steel shipments saw a notable surge, reaching their highest levels since July 2016, increasing by 30.7 percent in the first quarter. March, in particular, witnessed a significant rise in China's exports of steel products, which increased by 25.3 percent year-on-year to 9.89 million tonnes. This brought the total for the first quarter to an eight-year high of 25.8 million tonnes.



Source: GAC, Doric Research

Imports for March also remained subdued. China's iron ore imports in March saw a marginal increase of just 0.5 percent from a year earlier, reaching 100.72 million metric tonnes. There were high hopes for demand to bounce back following the Lunar New Year holiday break, a period typically characterized by increased production by steelmakers. However, last month's demand failed to meet expectations, resulting in an accumulation of portside stocks and a notable decline in prices. According to customs data, in the first quarter of 2024, the world's largest iron ore importer brought in 310.13 million tonnes, marking a 5.5 percent increase from the previous year. In reference to the less favored commodity, coal imports in March remained almost unchanged year-on-year, as weak demand and decreasing domestic prices put pressure on international shipments. China imported 41.38 million metric tonnes of coal in March, a slight increase compared to the same period a year earlier. However, first-quarter coal imports surged by 13.9 percent to reach 115.9 million tonnes, propelled by a 23 percent year-on-year increase in January-February imports. Indonesia, Australia, Mongolia, and Russia stood as the primary coal suppliers to China.



Source: GAC, Doric Research

In a notable departure, soybean imports in March plummeted to a four-year low due to high prices and unfavorable hog margins, dissuading crushing for feed consumption. Total imports for the month amounted to 5.54 million metric tonnes, nearly 20 percent lower than the same period last year. Soybean arrivals in January-March totaled 18.58 million tonnes, reflecting a 10.8 percent decline from the same quarter last year and marking the lowest first-quarter import figure since 2020. Looking forward, soybean imports were anticipated to pick up in the second quarter post the harvest season in Brazil. Against this backdrop, and with trade data sending mixed signals, Baltic indices reached a certain plateau in the first trading weeks of the second quarter, lingering well below and slightly under their recent highs for the gearless and geared segments respectively.

The sixteenth trading week began with a decline in oil prices on Monday, following Iran's weekend attack on Israel. In previous years, such an event would have had far-reaching impacts on both oil prices and the global economy. Oil benchmarks initially surged in anticipation of Iran's retaliatory strike. However, Israel's interception of the attack eased fears of a regional conflict disrupting oil traffic through the Middle East. Additionally, Iran's announcement that it considered its retaliation over further tempered geopolitical tensions. Meanwhile, China prepared for a potential escalation in the trade war, as tensions flared following the US proposal to impose tariffs on metals. President Biden pushed for tripling import duties on Chinese steel and aluminum during his re-election campaign in Pittsburgh – a city once synonymous with the heart of the American steel industry. Analysts anticipated that Beijing would respond with countermeasures, signaling the onset of a renewed trade conflict between the world's two largest economies.

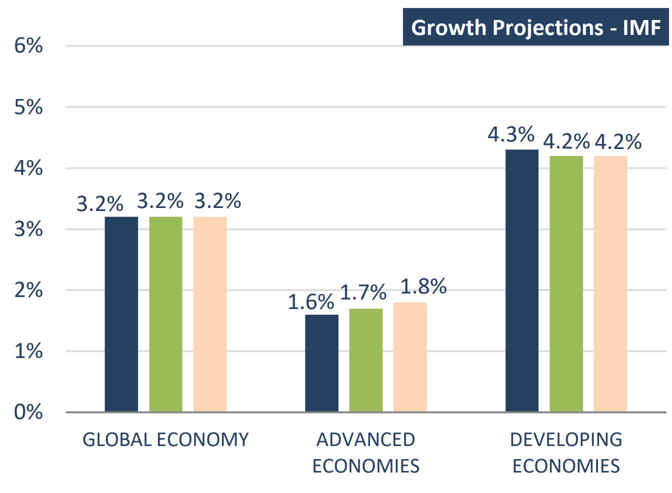
In that economic landscape, the International Monetary Fund emphasized that geoeconomic fragmentation could exert pressure on global trade and income growth in the forthcoming years. Data reflecting bilateral goods trade before and after Russia's invasion of Ukraine substantiated that fragmentation was already in progress. Trade among economies situated in politically distant blocs decelerated more noticeably than trade among those within blocs. Another facet of that fragmentation was the weakening trade ties between China and the United States. Since the initiation of trade tensions between China and the US in 2017, accompanied by escalating tariffs on bilateral trade, China's portion of US goods imports diminished by nearly 8 percentage points. Concurrently, there was evidence suggesting that US sourcing had been partially redirected away from China and towards other nations during the period spanning 2017 to 2022, including Mexico and Vietnam.

World trade growth, overall, was forecasted to reach 3.0 percent in 2024 and 3.3 percent in 2025, marking a downward revision of 0.3 percentage points for both years compared to the projections made in January 2024. That trajectory indicated that trade expansion would persist below its historical annual average growth rate of 4.9 percent over the medium term. Against the backdrop of a relatively subdued economic growth outlook, that projection suggested that the ratio of total world trade to GDP (in current dollars) will average around 57 percent over the next five years.

Putting aside the medium-term trends, the global economy demonstrated remarkable resilience, with growth maintaining stability as inflation gradually returned to target levels, as reported by the Fund. Despite earlier concerns of stagflation and global recession, economic activity continued to grow steadily as global inflation receded from its mid-2022 peak. Global growth, estimated at 3.2 percent in 2023, was forecasted to persist at the same pace throughout 2024 and 2025. The projection for 2024 had been revised upward by 0.1 percentage point from the January 2024 World Economic Outlook (WEO) Update and by 0.3 percentage points from the October 2023 WEO. Global headline inflation was anticipated to decline from an annual average of 6.8 percent in 2023 to 5.9 percent in 2024 and further to 4.5 percent in 2025, with advanced economies expected to return to their inflation targets sooner than emerging market and developing economies.

In advanced economies, growth was set to rise from 1.6 percent in 2023 to 1.7 percent in 2024 and 1.8 percent in 2025. The projection for 2024 saw a 0.2 percentage point upward revision compared to the January 2024 WEO Update, while it remained steady for 2025. That adjustment for 2024 was driven by an upward revision to US growth, offsetting a similar downward revision to the euro area in 2025. Meanwhile, emerging market and developing economies were expected to maintain stable growth at 4.2 percent in both 2024 and 2025. That stability was achieved despite a moderation in emerging and developing Asia, balanced by increasing growth for economies in the Middle East and Central Asia. Within this group, China's growth was forecasted to slow from 5.2 percent in 2023 to 4.6 percent in 2024 and 4.1 percent in 2025.

The sixteenth trading week wrapped up with oil prices slipping, following an earlier spike of more than $3, after Iran downplayed reported Israeli attacks on its soil, signaling a potential de-escalation of hostilities in the Middle East. Baltic indices, on the other hand, trended upwards, with all segments reporting weekly gains.

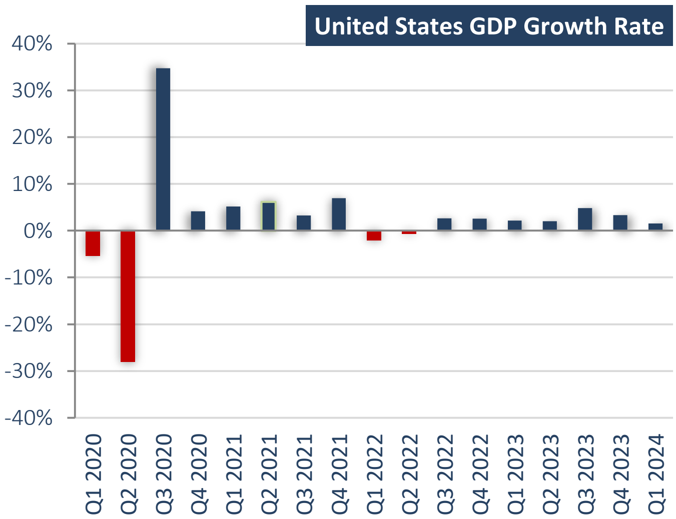


Source: IMF, Doric Research

The final trading week of April began on an optimistic note. China's GDP for the first quarter of 2024 reached RMB 29.63 trillion (US$4.1 trillion) according to preliminary figures, representing a solid 5.3 percent increase from the same period last year. The secondary industry, encompassing industrial production and manufacturing, led the growth, expanding by 6 percent year-on-year to RMB 10.98 trillion (US$1.52 trillion). Meanwhile, the tertiary sector (services) grew by 5 percent, while the primary sector (agriculture and resource extraction) registered a 3.3 percent increase from the previous year. In addition, China’s Manufacturing Purchasing Managers' Index (PMI) rebounded to 50.8 percent in March 2024, signaling a return to expansion after five consecutive months of contraction. China’s foreign trade showed signs of recovery in the first quarter, following a year of sluggish performance. Total trade in goods amounted to RMB 10.17 trillion (US$1.41 trillion), representing a 5 percent year-on-year increase. Exports totaled RMB 5.74 trillion (US$793 billion), up 4.9 percent, while imports reached RMB 4.4 trillion (US$607.89 billion), marking a 5 percent rise. However, despite these improvements seen in January and February, March experienced a contraction, with foreign trade falling by 1.3 percent year-on-year.

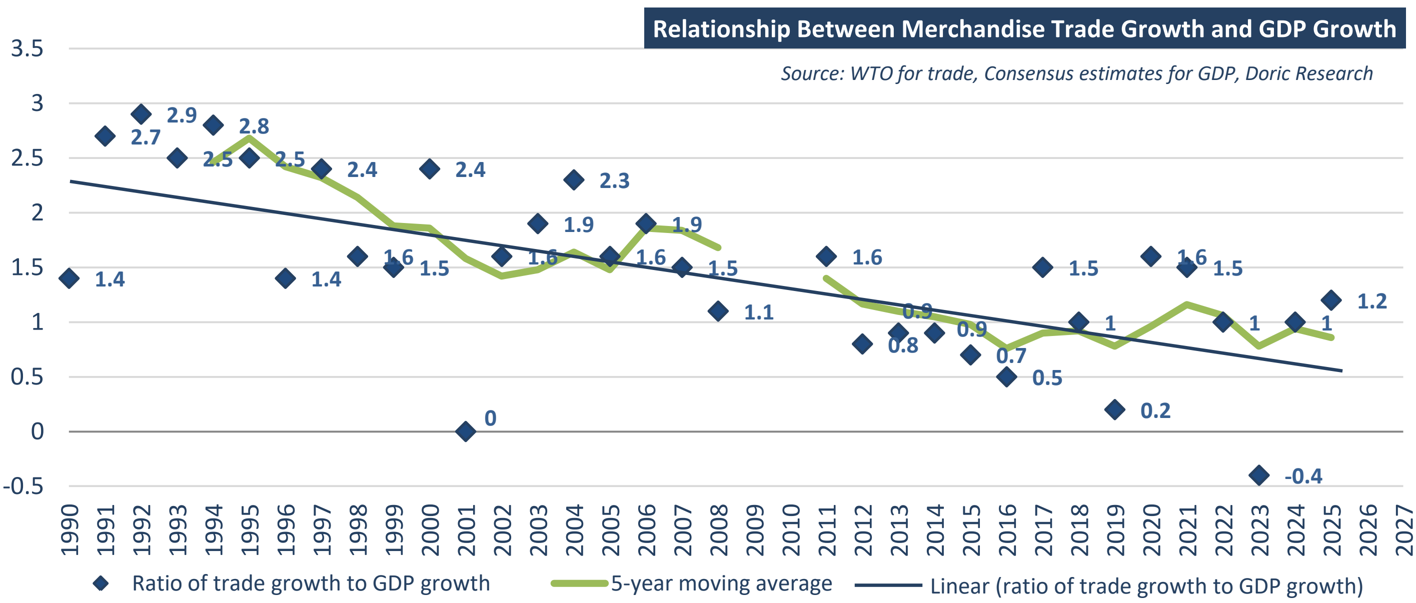
Source:National Bureau of Statistics of China, Doric Research

In contrast, the US gross domestic product (GDP) expanded at a 1.6 percent annualized pace when adjusted for seasonality and inflation, according to the Department’s Bureau of Economic Analysis. Economists surveyed by Dow Jones had anticipated a 2.4 percent increase following a 3.4 percent gain in the fourth quarter of 2023. Compared to the fourth quarter, the slowdown in real GDP growth in the first quarter was primarily driven by decelerations in consumer spending, exports, and state and local government spending, along with a downturn in federal government spending. Despite these fluctuations, a key measure of demand in the economy – final sales to private domestic purchasers – remained robust during the January-through-March period, showing only a slight slowdown compared to the fourth quarter.



Source: U.S. Bureau of Economic Analysis, Doric Research

In reference to international trade, the relationship between global income fluctuations and merchandise trade growth has weakened over time, though it appears to have stabilized in recent years. In the 1990s, merchandise trade expanded more than twice as fast as global GDP, and 1.5 times as fast in the early 2000s. However, the ratio decreased from 2.3-to-1 in the 1990s to 1.5-to-1 in the 2000s, and since 2010, it has further dropped to an average of 0.9-to-1, with increased volatility in recent years. For 2024, the World Trade Organization (WTO) forecasted a 2.6 percent growth in world merchandise trade, followed by a 3.3 percent rise in 2025 as global demand for traded goods rebounds from the contraction seen in 2023. BIMCO also projected a tightening of the supply/demand balance in the dry bulk sector for 2024, though a decline is expected in 2025. However, during the final trading week of April, Baltic indices declined, primarily due to a weaker performance in the Capesize segment, with the Baltic Dry Index closing at 1721 points.



Source: WTO for trade, Consensus estimates for GDP, Doric Research

The first trading week of May a couple of years ago was a rather choppy one, with Federal Reserve making headlines. In fact, Fed raised the target for the Fed Funds Rate by half a point to 0.75-1 percent - aiming to tackle soaring inflation. It was the first time in 22 years that the central bank had hiked rates up this much. In his post-meeting press conference, Fed Chairman Jerome Powell stressed that additional half-percentage-point rate hikes would be on the table for the next few meetings, after acknowledging that inflation was much too high. Two years later, the Federal Reserve signalled that US borrowing costs were likely to remain higher for longer, as it wrestled with persistent inflation across the world's biggest economy.

In early May 2024, while growth remained modest, there were encouraging signs of a brighter outlook, as highlighted in the latest OECD Economic Outlook. Notably, inflation was declining at a faster pace than initially anticipated, accompanied by a marked increase in private sector confidence. Moreover, trade growth shifted towards positive territory. In particular, global economic growth was forecasted to hold steady at 3.1 percent during 2024 and accelerate to 3.2 percent in 2025. That marked an upward revision from the OECD's February projections, which anticipated growth of 2.9 percent for this year and 3 percent for 2025. Headline inflation experienced a rapid decline across most economies in 2023, attributed to restrictive monetary policies, lower energy prices, and alleviation of supply chain pressures. The projected continuous decline in both headline and core inflation was expected to pave the way for central banks in many economies to initiate policy rate reductions before the end of 2024, although real rates were anticipated to remain restrictive.

Following a period marked by numerous public holidays, Baltic indices commenced the second trading week of May with a quest for direction. There prevailed a pervasive sentiment in the spot market that the softer tone observed in the previous period was merely an anomaly, and optimism for brighter days ahead was imminent. That sentiment was bolstered by a decidedly positive start for Capesizes, as evidenced by the Baltic Exchange's inaugural index for the week, which showed gains by midday on that Tuesday. With impressive daily gains of $4,698, the leading segment of the dry bulk sector concluded the day at $26,864 daily.

As Capesizes continued their upward trajectory, China's trade data provided a boost to the initial optimism. China's customs agency released data indicating that exports in April met expectations, while imports exceeded forecasts. Notably, both exports and imports in China returned to growth in April after a contraction in the previous month, signaling an improved trading environment in the domestic and international markets. The United States continued to hold its position as China's largest trading partner on a single-country basis, while the Association of Southeast Asian Nations (ASEAN) remained China's largest trading partner on a regional level. In April, China saw a 9 percent increase in imports from the US compared to the previous year, while exports to the US experienced a modest decline of nearly 3 percent. Notably, China witnessed a rise in exports of cars, LCD panel displays, and home appliances by volume, while exports of cellphones saw a slight decrease. However, exports of ships declined during this period. On the import side, China observed growth in imports of crude oil, natural gas, steel, plastics, and medicines. Conversely, imports of cosmetics experienced a drop.

In the dry bulk spectrum, April saw a notable surge in iron ore clearances, totaling 101.8 million tonnes. This represented a significant 12.8 percent increase compared to the same period the previous year. Chinese iron ore imports for the January-April period of 2024 reached 411.8 million tonnes, marking a substantial 27.7 million tonnes, or 7.2 percent, increase compared to the corresponding period in 2023. Consequently, imported iron ore stockpiles at Chinese ports steadily accumulated, reaching a two-year high of 148 million tonnes at the 45 major domestic ports monitored by Mysteel, reflecting a 2.3 percent increase from the previous month. In the case of coal, China's imports experienced a significant boost in April, driven by reduced domestic production and increased purchasing by power generators aiming to build stockpiles ahead of peak summer demand. Imports of coal and lignite totaled 45.25 million tonnes in April, representing a 9.4 percent increase from March and an 11.2 percent rise compared to the same month last year. Similarly, soybean imports surged by 18 percent year-on-year in April, driven by increased purchases of competitively priced Brazilian beans. Total soybean arrivals reached 8.57 million metric tonnes, setting a record high for the month. However, for the January-April period, soybean imports into China totaled 27.15 million tonnes, reflecting a modest 2.9 percent decline compared to the same period in 2023.

The most striking statistic, however, came from China's export activity rather than its import trends. In April, steel exports from China surged by 16.3 percent compared to the same month the previous year, reaching 9.22 million tonnes. These shipments brought the total to 35.02 million tonnes exported from January to April, marking the highest figure for this period since 2016 and reflecting a notable 27 percent year-on-year increase.

In mid-May, President Joe Biden announced an expansion of tariffs on Chinese imports, totaling $18 billion. The White House emphasized that Biden's economic agenda seeks to strengthen investments and create high-quality jobs in key industries vital to America's economic future and national security. The administration highlighted China's unfair trade practices, particularly concerning technology transfer, intellectual property, and innovation, as key challenges threatening American businesses and workers. Additionally, China's practice of flooding global markets with artificially low-priced exports further compounded these trade issues.

The Chinese steel industry strongly criticized the U.S. approach of politicizing and weaponizing steel trade, according to the China Iron and Steel Industry Association. The association highlighted China's global leadership in key areas such as plant design, process efficiency, technical expertise, manufacturing capacity, product quality, and energy efficiency. Chinese steel producers have also made significant investments in ultra-low emission transformation projects, aligning with the world's most stringent environmental standards.

In 2023, China produced 1.019 billion tonnes of steel, representing a 0.6 percent increase from 2022. Over the same period, China's steel product exports surged by 36.2 percent year-on-year, reaching 90.3 million tonnes. With domestic demand falling short of expectations, steel exports from China in March rose by 25.35 percent compared to the previous year, totaling 9.89 million tonnes – the highest monthly volume since July 2016. This boost brought first-quarter exports to 25.8 million tonnes, marking a 30.7 percent year-on-year increase. In April, the upward trend persisted, with steel exports climbing by 16.3 percent year-on-year to 9.22 million tonnes. From January to April, China's steel exports totaled 35.02 million tonnes, reflecting a 27 percent increase compared to the same period last year.

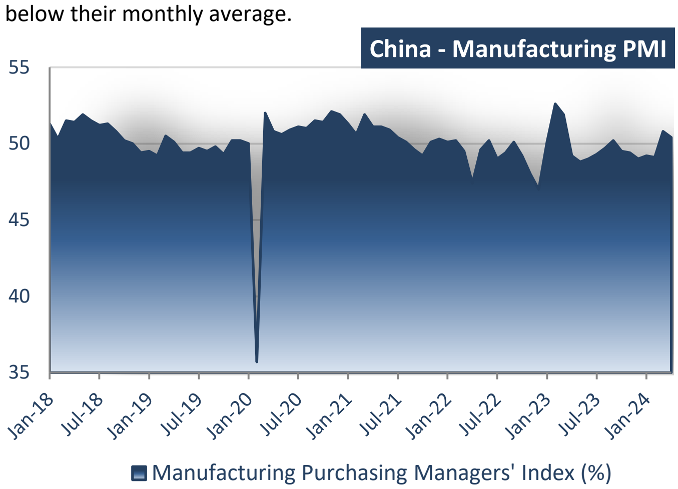
On the coal front, India's imports continued to rise in FY24. Coal imports increased by 7.7 percent to reach 268.24 million tonnes, driven by lower seaborne prices and an expected surge in power demand during the summer months. In March 2024, non-coking coal imports stood at 15.33 million tonnes, up from 13.88 million tonnes in March FY23. Coking coal imports totaled 5.34 million tonnes for March 2024, compared to 3.96 million tonnes a year earlier. For the full FY24, non-coking coal imports reached 175.96 million tonnes, exceeding the 162.46 million tonnes imported in FY23. Coking coal imports totaled 57.22 million tonnes, up from 54.46 million tonnes in 2022-23. In response, India's power ministry instructed thermal plants to delay scheduled maintenance and reactivate idle units to meet expected peak power demand in May and June, as stated in an official announcement on May 11.

With rising coal imports from India and continued growth in China's steel exports, the Baltic Supramax index reported a robust mid-May average of $13,768 per day, marking a 26.2 percent increase year-on-year. Even when compared to the 2018-2022 average, which included the post-COVID surge, 2024's performance lagged only slightly, reflecting strong daily earnings.

While global steel output remained relatively stable in previous quarters, April witnessed a notable downturn, with the world's steel mills collectively producing 155.7 million tonnes, marking a five-percent decrease year-on-year. China played a significant role in that decline, with the world's leading steelmaker producing 7.2 percent less steel during April. Furthermore, statistics from the China Iron and Steel Association underscored a significant drop in the profits of China's iron and steel enterprises, plummeting by nearly half year-on-year in the first quarter, with the average profit margin dwindling to a mere 0.58 percent. India stood out as the only producer among the top five countries to register growth in steel production. Indian mills increased production by 12.5 percent compared to April 2023. That growth can be attributed to large infrastructure projects in the road, rail, and port sectors initiated by the government to stimulate growth and employment.

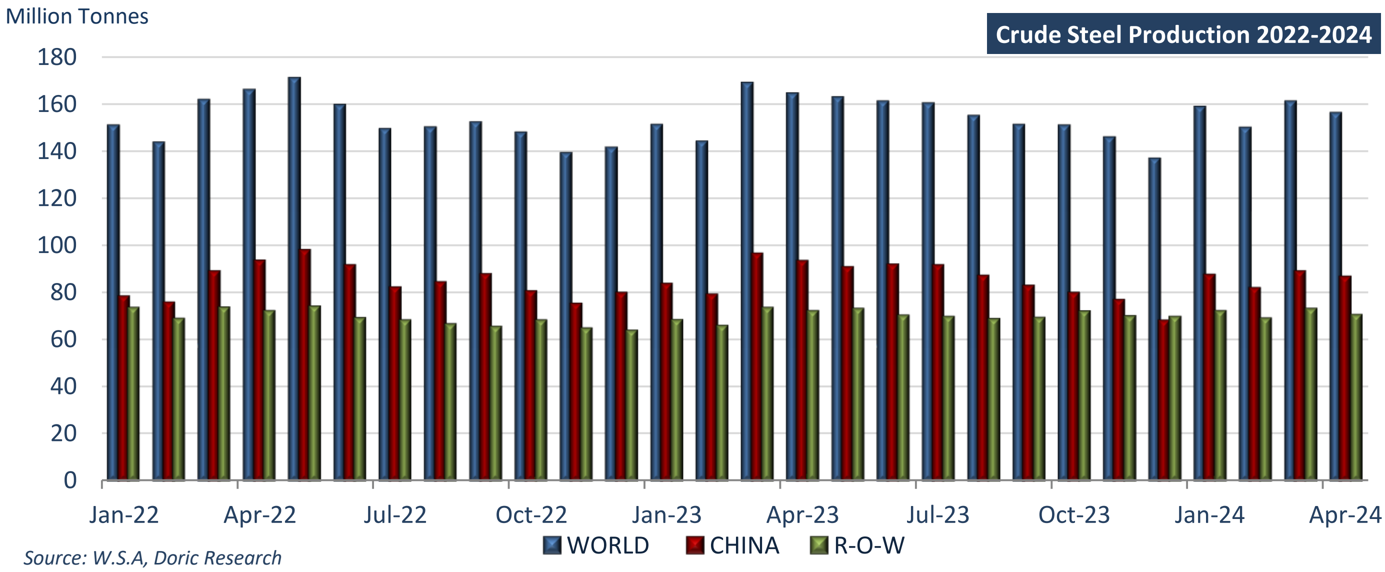
Amidst challenging conditions in the steel and property markets, Chinese authorities unveiled their most ambitious plan yet. That plan included reducing minimum down payment requirements to as low as 15 percent, down from the previous 20 percent, and eliminating the floor on mortgage rates nationwide. Additionally, policymakers allocated 300 billion yuan ($42.25 billion) in financing for local state-owned enterprises to purchase unsold completed apartments, aiming to convert them into affordable housing. Despite these efforts, doubts persisted regarding their effectiveness. Goldman Sachs suggested that China's housing market still had room to weaken, as previous attempts to revitalize it failed to halt a three-year decline. Estimates proposed that the government may need to invest more than 15 trillion yuan (US$2.1 trillion) to address the underlying issues plaguing the sector. In sync, Baltic indices continued to express skepticism about the tangible impact of the latest Chinese measures, with trends mostly sideways during the twenty-first trading week.

In the spot market, mid-May 2024 witnessed a period of relative stability, deviating from the steep downward corrections seen over the past two trading years. May largely traded sideways, showing minimal volatility and steering clear of the sharp declines observed during the same period in previous years. The leading Capesize index concluded the month with a modest monthly average of $23,145 per day, ending the last Friday of May with minimal fluctuation. In contrast, mid-size bulkers experienced mild pressure throughout the month. The Baltic Kamsarmax and Supramax indices both ended May approximately $1,500 below their monthly averages, closing at $15,240 for the BPI 5TC and $14,060 for the BSI S10TC, respectively. Meanwhile, Handysize vessels managed to recover some ground in the final days of the month, closing near $13,000 per day, albeit still below their monthly average.



Source: NBS, Doric Research

On the macroeconomic front, an International Monetary Fund (IMF) team visited China from May 16 to 28. Following the team's conclusion of the visit to the world's second-largest economy, the Fund emphasized that China's economic growth was expected to "remain resilient" this year, propelled by robust first-quarter data and recent policy interventions. Despite the positivity injected by the IMF, China's manufacturing activity unexpectedly declined in May, intensifying calls for fresh stimulus. China's official Manufacturing Purchasing Managers' Index (PMI) dropped from 50.4 in April to 49.5 in May. That reading fell well below the market consensus of 50.5 for the reported month, crossing below the crucial 50 mark that separates expansion from contraction. The Non-Manufacturing PMI also decreased to 51.1 in May compared to April's 51.2 figure and expectations of 51.5. Furthermore, retail sales experienced their slowest growth since December 2022, while new home prices plummeted at their fastest rate in nine years.



Source: W.S.A, Doric Research

In light of these dynamics, iron ore prices largely moved sideways throughout May, showing limited direction. Similarly, Baltic indices concluded the month near their 2024 averages, indicating minimal movement in either direction. Entering the first trading week of June, Baltic indices exhibited a positive upward trend, led by the Capesize sector. The Capesize index registered a 6.3 percent weekly gain, ending at $24,867 per day. The Panamax segment also posted gains, with daily rates rising to $15,752 by the week's close. Meanwhile, the geared segments showed relative stability, with Supramax rates at $13,789 and Handysize values at $12,848 per day. Additionally, mid-June marked the commencement of the summer trading season, coinciding with the Posidonia 2024 maritime exhibition held in Athens during the twenty-third trading week.

Posidonia 2024, themed "Powering Ahead," underscored the remarkable growth of the Greek fleet and the event's expansion itself. Nikolas Martinos, principal at Thenamaris, set a positive tone for Posidonia as he addressed attendees at the kickoff golf event. “Life is really good right now for all of us,” he remarked to hundreds of employees and business partners at a seaside Athens club, celebrating the traditional pre-Posidonia golf ceremony hosted by Thenamaris and Costamare, as reported by TradeWinds. In support of this optimism, major Greek-Cypriot shipowner Polys Hajioannou emphasized the need for the shipping industry to capitalize on its current windfall profits by investing in greener, more sustainable vessels. With a growing influx of international visitors descending upon Athens and Piraeus, a palpable sense of euphoria permeated shipowning and shipbroking offices throughout Athens and its suburbs.

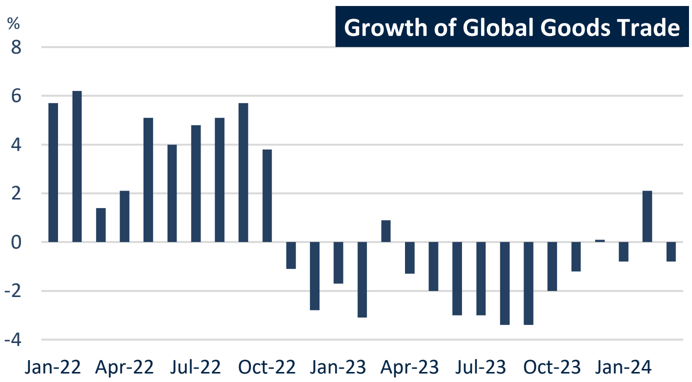
Injecting further optimism into the market, recently released data highlighted China's exports exceeding expectations despite heightened trade tensions, driven by robust demand from Southeast Asia. Customs data, however, painted a different picture, with imports falling short of forecasts. Exports in May surged by 7.6 percent year-on-year in USD terms, surpassing the anticipated 6 percent growth according to a Reuters poll. In contrast, imports during the same period recorded a modest increase of 1.8 percent, failing to meet Reuters’ forecast of 4.2 percent growth.

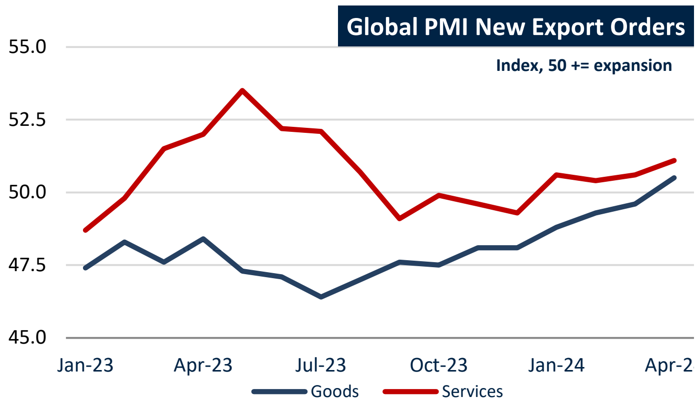
Turning attention away from Posidonia and Chinese imports, the ECB reduced its record-high deposit rate by 25 basis points to 3.75 percent, aligning with the central banks of Canada, Sweden, and Switzerland in unwinding some of the most aggressive rate hikes implemented to curb post-pandemic inflationary pressures. That move preceded similar actions by the US Federal Reserve and the Bank of England, marking the ECB’s first rate reduction in five years.

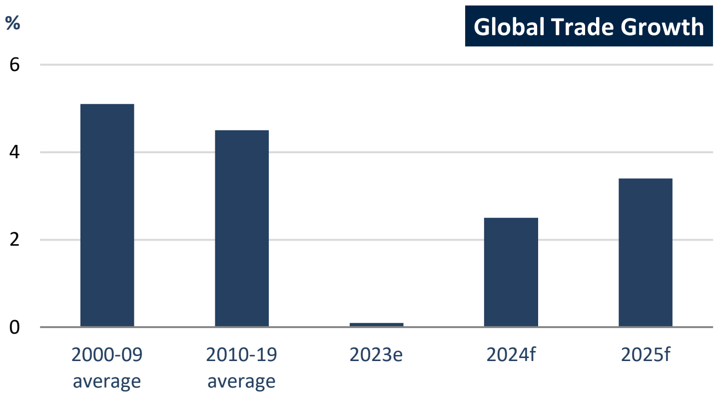
The conclusion of Posidonia 2024 week left market sentiment notably upbeat, driven by rising Chinese imports and exports, as well as the ECB’s landmark decision to lower deposit rates. However, amid an overall positive atmosphere, a dissonant note emerged as Chinese iron ore port stocks stubbornly remained at a two-year peak of 149.3 million tonnes, inching ever closer to the critical threshold of 150 million tonnes.

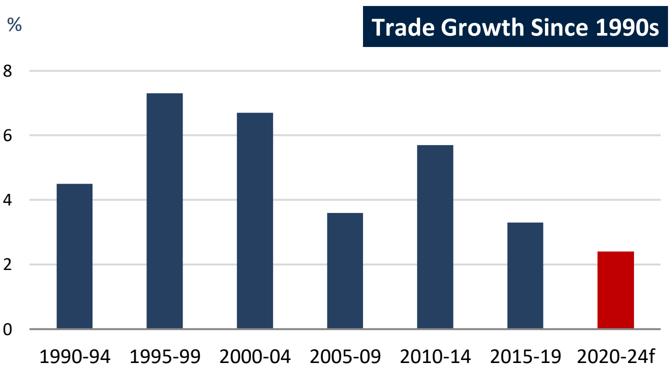
Despite increased financing costs and heightened geopolitical tensions, global economic activity showed signs of resilience over the past six months, according to the World Bank. This improvement contributed to the stabilization and gradual recovery of dry bulk and container freight rates in the first half of the trading year. Global growth was projected to remain modest at 2.6 percent in 2024, with only slight gains expected due to continued challenges from the post-pandemic environment. However, the World Bank forecasted a gradual recovery, with global growth reaching an average of 2.7 percent over the next few years, driven by strengthening trade flows and more measured monetary policies.

Global trade in goods and services saw its weakest performance in 2023, declining by 1.9 percent, the most significant contraction outside of global recessions in the past 50 years. That slowdown was largely driven by a sharp drop in global industrial production. Looking forward, global trade growth was expected to recover modestly to 2.5 percent in 2024, reflecting some improvement from 2023 but still falling well below pre-pandemic growth levels. In the near term, the relationship between global trade and economic output was unlikely to return to historical trends.



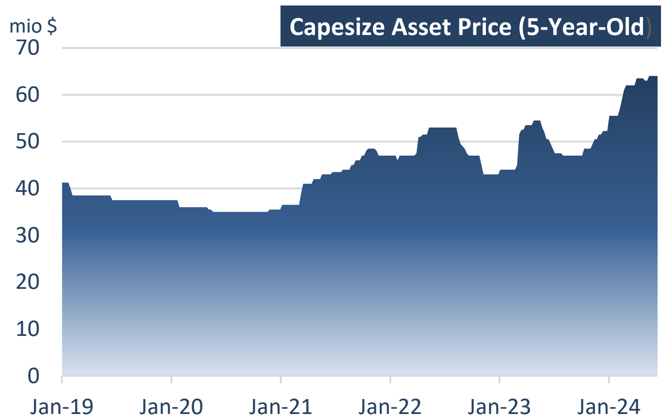






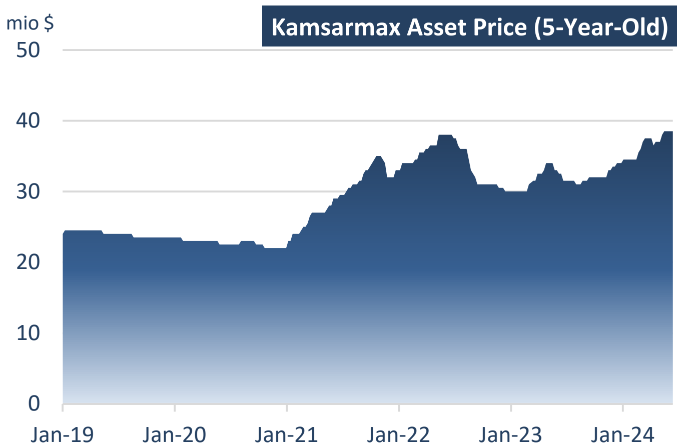
Source: CPB, NBEA,Haver Analytics, World Bank, Doric Research

In the first half of the year, all dry bulk segments outperformed the previous year's levels, exceeding market expectations. China's iron ore imports surged to 513.75 million tonnes by the end of May, representing a robust 7 percent increase year-on-year. Brazil's steady export volumes further bolstered this growth, enabling Capesize vessels to achieve a year-to-end-June average of approximately $23,500 daily, a sharp contrast to the $12,034 daily average recorded in 2023. This strong market performance also translated into asset price appreciation, with modern eco Capesizes now valued at around $64 million, reflecting a 23 percent year-on-year increase. Riding the momentum of a strong first quarter, Capesize earnings sustained their upward trajectory into mid-year.



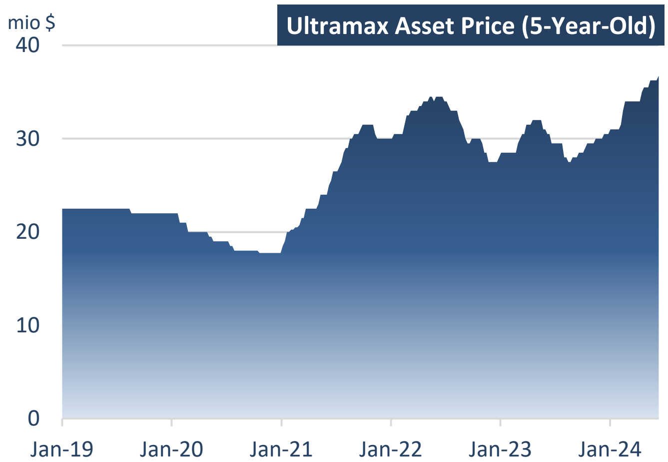
Source: Baltic Exchange, Doric Research

Similarly, China's coal imports totaled 204.97 million tonnes in the first five months, reflecting a significant 12.6 percent year-on-year increase. This uptick was largely driven by a 3.5 percent decline in domestic production during the first four months, as safety inspections in key coal-producing regions curbed output. Moreover, China's soybean imports from Brazil remained resilient during the January-May period, contributing to a year-to-end-June average daily rate of around $16,000 for the Kamsarmax segment – $4,000 higher than the same period last year. Asset prices mirrored the market's strength, with modern eco Kamsarmax vessels valued at $38.5 million, marking a 16.7 percent increase year-on-year.



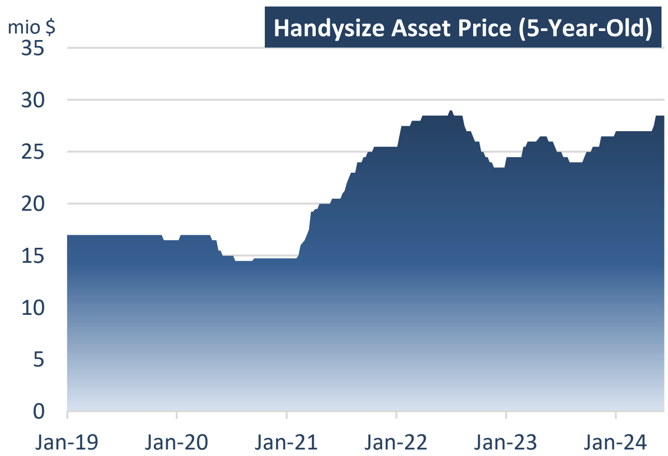
Source: Baltic Exchange, Doric Research

Despite earlier expectations voiced by China's coal industry in April, predicting flat imports for the year, the world's largest coal buyer continued to demonstrate strong demand. China's coal imports remained resilient, reaffirming its pivotal role in global seaborne coal trade. Meanwhile, India's coal imports rose by 7.7 percent to 268.24 million tonnes in the financial year 2023-24, driven by competitive seaborne prices and an anticipated increase in power demand during the summer months. In the steel sector, China's exports surged by 15 percent year-on-year in May, totaling 44.66 million tonnes for the first five months of 2024 – a remarkable 24.7 percent increase compared to the previous year. Reflecting these robust market fundamentals, the Supramax segment achieved a year-to-end-June average of approximately $14,000 daily, an annual increase of 5 percent. Asset prices followed suit, with modern eco Ultramax vessels valued at $37 million, marking a solid 17 percent year-on-year rise.



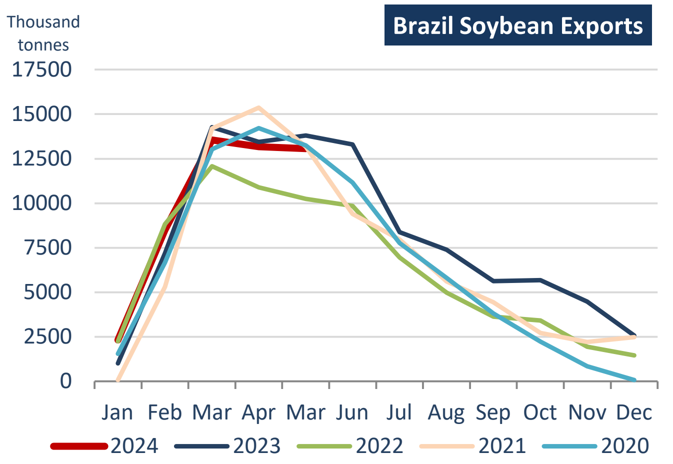
Source: Baltic Exchange, Doric Research

The increased activity in steel trade also had positive spillovers for minor bulks. Trade in minor bulks, including bauxite, rose by 2.1 percent from the fourth quarter of 2023 and by 7.3 percent compared to the first quarter of 2023. As minor bulk trade is closely linked to global GDP growth—which has been revised upwards by major international organizations—this segment continued to thrive. Consequently, the Handysize segment achieved a year-to-end-June average of around $12,500 daily, representing an annual increase of 5.8 percent. Asset prices reflected this strength, with modern eco Handysize vessels valued at $28.5 million, an impressive 9.6 percent rise year-on-year.



Source: Baltic Exchange, Doric Research

Despite the optimism evident in the sale and purchase market and ongoing efforts to sustain momentum, Panamax vessels—key players in staple grain and coal trades—struggled to find significant traction in the final weeks of the second quarter. The Baltic Panamax 82 TCA index, which reflects the average daily earnings for this vessel class, declined to $15,007 per day by the end of June. While this marked a retreat from mid-June highs, it was still above the levels recorded during the same period last year. Nevertheless, the June average fell short of the 2018–2022 historical benchmark, with spot rates underperforming on most trading days compared to the multi-year average.

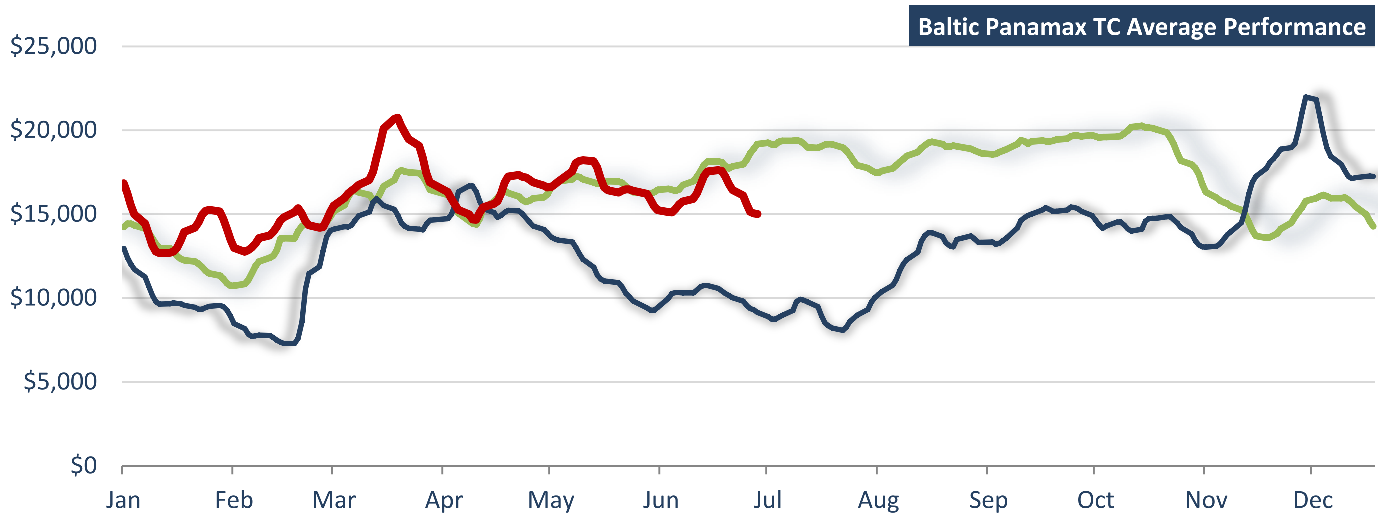


Source: Refinitiv, Doric Research

Grain trade, a vital component of tonne-mile demand for Panamaxes, remained a focal point for the market. According to LSEG trade flow data, soybean shipments to China were particularly prominent. May imports totaled 9.64 million metric tonnes (MMT), with 1.53 MMT sourced from the United States and 8.11 MMT from Brazil. June witnessed an uptick to 10.52 MMT, comprising 0.51 MMT from the US and 9.88 MMT from Brazil. Early indications for July suggest further growth in arrivals from South America, highlighting continued reliance on the region's agricultural exports. Conversely, corn trade showed signs of tightening. Between March 1 and June 21, Brazil shipped 1.25 MMT of corn, a noticeable decline from the 1.86 MMT dispatched during the same period last year, based on LSEG Agriculture Flows. Looking ahead, corn exports during the peak season are likely to face headwinds due to constrained supplies. LSEG projects combined corn exports from Brazil and Argentina to reach 77.4 MMT for the 2023/24 season, slightly below the 79.5 MMT shipped in the previous season.

In June, Asia's seaborne thermal coal imports showed signs of softening, primarily driven by shifts in supply dynamics and regional energy trends. According to Kpler, China's thermal coal arrivals were expected to decline to 28.21 million tonnes, a reduction attributed largely to a surge in hydroelectric generation during the month. India, too, was projected to see a modest dip in coal imports, with June arrivals estimated at 14.63 million tonnes. While this figure exceeded the 13.43 million tonnes recorded in June 2023, the decline from recent levels reflected a rise in domestic coal production rather than diminished electricity demand. In contrast, Northeast Asia displayed divergent trends. Japan’s thermal coal imports were forecasted to rise sharply, reaching 7.65 million tonnes in June – a 22 percent increase month-on-month. South Korea’s imports were also projected to climb, hitting 6.82 million tonnes, the highest monthly total since February. Taiwan's thermal coal imports for June were estimated at 4.24 million tonnes, representing one of the strongest volumes in the past nine months.

Against this backdrop, Kamsarmax vessels recorded an impressive performance during the first half of the trading year, averaging $15,910 daily – the highest first-half average in two years. Not since the Covid-stimulus-boosted markets of 2022 has the segment witnessed such robust earnings. This strong showing fueled optimism for the remainder of the year. However, recent market fluctuations suggest that these expectations will face rigorous testing in the months ahead.



Source: Baltic Exchange, Doric Research

Source: Baltic Exchange, Doric Research

Act III – "Death of Old Markets"

The Baltic indices entered the typically robust third quarter with subdued performance, reflecting broad market softness. Despite a brief uptick in the early days of July, the Capesize market faced a steady decline in activity, with both spot and futures values trending downward. The Baltic Capesize Index, which had briefly surpassed the $30,000 daily mark, closed the first week of July at $27,692 daily, down 3 percent week-on-week. Similarly, the Baltic Kamsarmax Index continued its downward slide, ending the week at $13,914 daily, a level last seen in early February. The Baltic Supramax Index followed suit, falling below $15,000 daily for the first time in three weeks, while the Baltic Handy Index retreated to $13,365 daily. Despite these declines, all Baltic indices remained substantially higher compared to the same period last year.

Global manufacturing activity in June painted a mixed picture. According to the JP Morgan Global Manufacturing Purchasing Managers' Index (PMI), the composite reading came in at 50.9, marginally below May's 51.0 but marking the fifth consecutive month of expansion. Consumer and intermediate goods sectors recorded growth, while the investment goods segment faced its second production decline in three months. Of the 30 countries surveyed, 18 reported increased manufacturing output.

Manufacturing sectors in the United States, the United Kingdom, and Brazil sustained their growth trajectories through June. However, the eurozone continued to grapple with challenges, recording its fifteenth consecutive month of declining manufacturing output. In the United States, while the S&P Global PMI survey highlighted modest growth, the pace remained subdued despite a positive trend in five of the first six months of 2024, a marked improvement over 2023.

In the Pacific basin, Japan's factory activity expanded in June, though at a slower pace, as businesses faced cost pressures from a depreciated yen. India’s manufacturing sector rebounded strongly, driven by robust demand, while South Korea's factory activity grew at its fastest pace in 26 months. Vietnam and Taiwan also reported faster growth in manufacturing activity compared to May.

China’s manufacturing sector revealed contrasting trends in June, underscoring the complexities within the economy. The Caixin/S&P Global PMI, which focuses on smaller, export-oriented firms, rose slightly to 51.8 from May’s 51.7, marking its highest reading in over three years and extending its growth streak to eight months. Conversely, the official PMI from the National Bureau of Statistics (NBS) remained in contraction territory at 49.5 for a second consecutive month. This divergence highlights the uneven recovery across different industrial segments.

NBS statistician Zhao Qinghe noted that "China's overall economy continued to expand, but the foundation for sustained recovery and improvement still requires strengthening." Reflecting this cautious optimism, the Baltic indices, while elevated compared to last year, fell short of recent bullish market expectations, aligning with the mixed signals from global and regional manufacturing activity.

The Baltic Panamax Index emerged as the standout performer during the second trading week of July, recording an impressive 8.6 percent weekly gain to close at $15,106 per day. This marked a strong rebound for the Panamax sector, which had hit five-month lows earlier in the week but trended upward decisively thereafter. The Baltic Supramax Index also demonstrated resilience, climbing to $15,004 per day by Friday’s close after balancing at one-month lows. In contrast, the Capesize market faced a turbulent week, with the BCI TCA closing down at $27,338 per day. Meanwhile, the Handysize segment exhibited stability, moving sideways to settle at $13,339 per day.

On the global trade front, China’s export performance stood out as a bright spot, achieving its fastest growth rate in over a year despite heightened geopolitical tensions with Europe and the United States. According to the National Bureau of Statistics, exports in June surged 8.6 percent year-on-year in dollar terms, up from May's 7.6 percent rise and surpassing analyst expectations. This marked the most significant expansion since March 2023. However, imports declined by 2.3 percent year-on-year in June, contrasting sharply with a forecasted 2.8 percent growth and May’s 1.8 percent increase. In commodity trade, China experienced mixed trends in June. Imports of soybeans, coal, and iron ore showed year-on-year increases, while those of crude oil, unwrought copper, and rare earths declined.

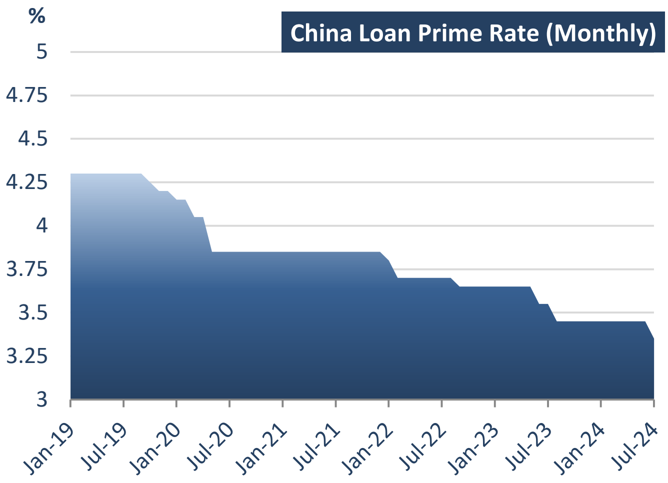
Iron ore imports dropped 4.3 percent month-on-month, reflecting reduced purchasing activity amid high port inventories and anticipated seasonal demand declines. Port inventories of imported iron ore at 45 major Chinese ports remained stable at 149.9 million tonnes, marking the highest level since April 2022, as per Mysteel data. Coal imports surged by 12 percent year-on-year in June, driven by record-high temperatures that boosted electricity demand. Reduced domestic coal production earlier in the year further amplified the need for imports. Similarly, soybean imports climbed 10.7 percent year-on-year in June, as Chinese buyers took advantage of lower Brazilian prices ahead of the North American export season. Analysts and traders anticipated record-high soybean imports in July, with projections ranging between 12 and 13 million tonnes, significantly outpacing the 9.73 million tonnes recorded in July 2023. The surge was attributed to favorable prices and growing concerns over potential trade tensions, particularly if Donald Trump were to secure reelection in the upcoming U.S. presidential race.

On the political horizon, amidst key elections in Europe and the United States, China was gearing up for the third plenum of the 20th Chinese Communist Party Central Committee. Economists and analysts stressed the urgency of addressing structural challenges, cautioning that the economy might not yet have reached its lowest point. Despite calls for decisive action, Beijing sought to temper expectations of substantial stimulus measures during this critical economic policy meeting, leaving markets to speculate on the path ahead for China’s economic recovery.

Typically, late July's dry bulk shipping reports are vibrant, filled with speculations on the Baltic indices' peaks. However, this year was not following the norm, with such discussions vanishing into obscurity. The Baltic indices showed relative stability during the twenty-ninth trading week, with the exception of Capesizes. The Baltic Capesize index reported a 9.8 percent weekly loss, closing the week at $24,652 daily. Panamax and Supramax indices hovered close to each other, finishing at $15,427 and $15,117 daily, respectively. Handies saw a 1.5 percent week-on-week increase, concluding at $13,543 daily.

On the macroeconomic front, the International Monetary Fund (IMF) raised growth projections for China, India, and Europe, while slightly lowering them for the United States and Japan. Global growth was forecasted to align with the April 2024 World Economic Outlook, at 3.2 percent in 2024 and 3.3 percent in 2025. In the US, growth projections were revised down to 2.6 percent for 2024 (0.1 percentage point lower than April projections), reflecting a slower-than-anticipated start to the year. Japan's negative growth surprise resulted from temporary supply disruptions, including the shutdown of a major automobile plant in the first quarter. Conversely, the euro area appears to have stabilized, with a modest 0.9 percent growth expected for 2024, revised up by 0.1 percentage point. Growth forecasts for emerging markets and developing economies were revised upward, driven by stronger activity in Asia, especially China and India. China's growth was projected to rise to 5 percent in 2024 due to a rebound in private consumption and strong first-quarter exports. However, GDP growth was expected to notably slow to 4.5 percent in 2025. India's growth forecast was revised up to 7.0 percent for this year, reflecting improved prospects for private consumption, particularly in rural areas.

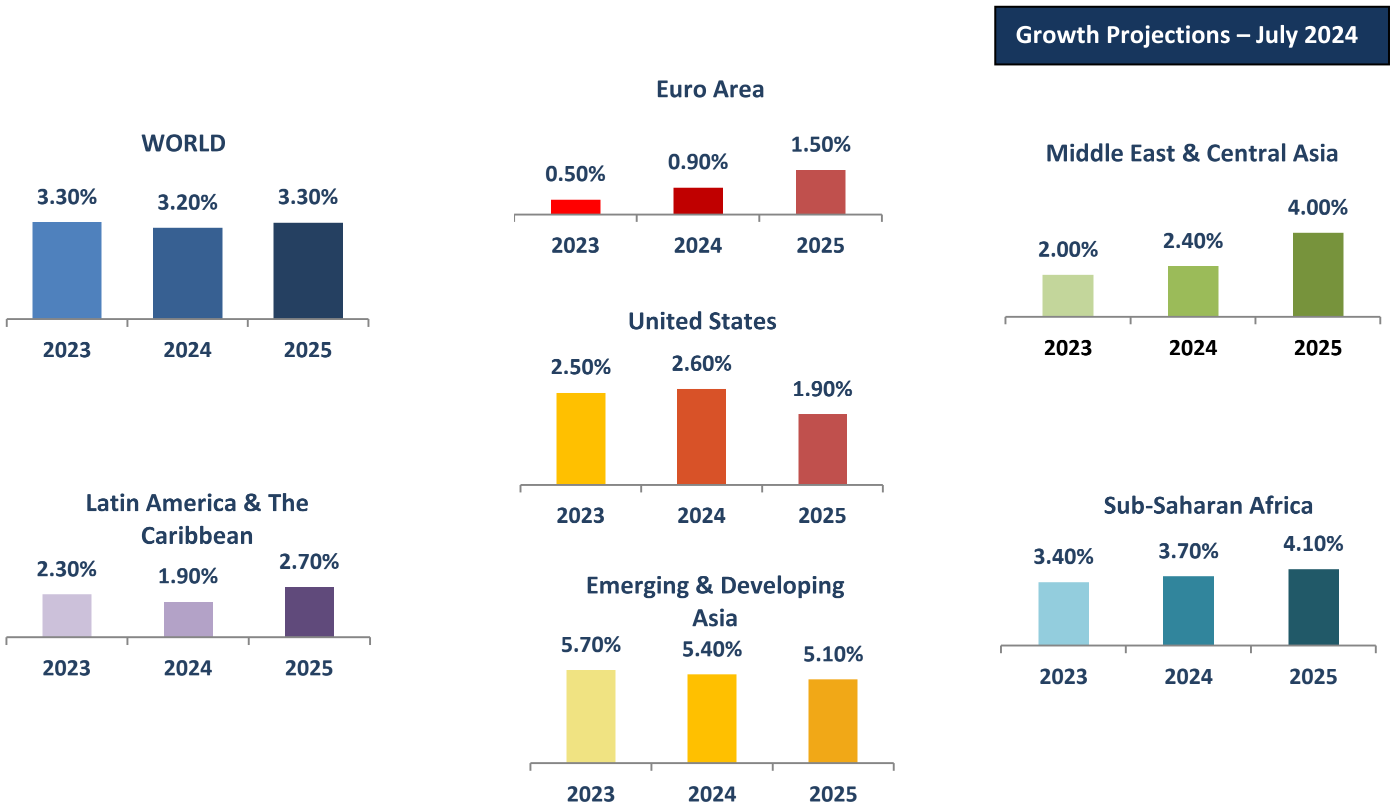
Spot market had integrated much of the IMF's upward revision in projections and increased trading activity from China, significantly boosting the year-to-end-July Baltic index averages. However, analysts suggested that the primary driver of China's commodity imports was price, with economic conditions playing only a secondary role. The emphasis on price as the main driver indicated a potential for fluctuating demand, which could impact shipping rates and market stability. Additionally, the potential for renewed geopolitical tensions, particularly in light of the upcoming US presidential election, introduced a significant element of risk. The accumulation of commodity stockpiles, including soybeans, iron ore, and coal, further complicated the market outlook for the rest of 2024.



Source: CEIC, OECD, Doric Shipbrokers S.A

China's economy performed better than anticipated at the beginning of this year, driven primarily by substantial growth in high-tech manufacturing. That period was characterized by a steady increase in production, a sustained recovery in demand, stable employment and prices, rising household incomes, and accelerated growth in new economic drivers, all contributing to high-quality development. In the second quarter a different picture became apparent, with the world's second largest economy not being able to keep the momentum going. China's GDP rose by 4.7 percent year-on-year during that quarter, falling short of the expected 5.1 percent growth from the same Reuters poll. June's retail sales also underperformed, growing by only 2 percent against a projected 3.3 percent increase. Conversely, industrial production in June exceeded expectations, achieving a 5.3 percent year-on-year growth compared to the 5 percent estimated by Reuters.

Following weaker-than-expected second-quarter economic data, Beijing unexpectedly cut major short- and long-term interest rates for the first time since August last year. The rate cuts included the central bank's key short-term policy rate, its market operations rates, and benchmark bank lending rates. China was on the brink of deflation and was grappling with a prolonged property crisis, rising debt, and weak consumer and business confidence. Additionally, Beijing allocated 300 billion yuan ($41.40 billion) in ultra-long treasury bonds to support a program of equipment upgrades and consumer goods trade-ins. According to the notice, China raised subsidies for qualified buyers of new energy passenger cars to 15,000-20,000 yuan each. Buyers of some home appliances including televisions, air conditioners and computers got subsidies equivalent to 15-20 percent of their sales prices.

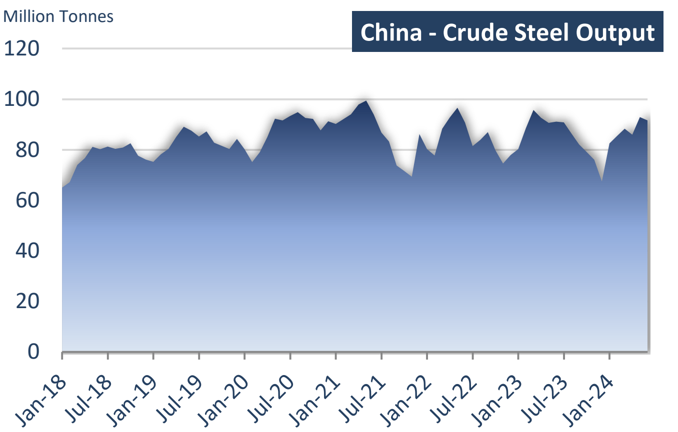


Source: IMF, World Economic Outlook, Doric Research

Commodity analysts noted that while the stimulus package was positive for manufacturing activity, its overall scale was insufficient to counteract the ongoing downturn in the construction sector. Reports of increasing iron ore and steel inventories in China had also negatively affected market sentiment. At that juncture, Baltic indices had shown a lack of vitality, with market sentiment being notably subdued compared to previous summers.

August started on the wrong foot, with China's steel data falling short of expectations. PMI for the steel industry fell for the second consecutive month in July, dropping by 5.3 points to 42.5, marking the lowest level since June 2023. The decline was attributed to the seasonal slowdown during the summer, characterized by high temperatures and frequent rains across many regions, alongside the introduction of new rebar standards which had negatively affected domestic market sentiment.

For the first half of 2024, pig iron and crude steel outputs fell by 3.6 percent and 1.1 percent year-on-year to 435.62 million tonnes and 530.57 million tonnes, respectively. The combination of relatively stable steel production and sluggish demand had led to increased inventories and exports. As of July 10, rebar and hot rolled coil inventories at major spot markets monitored by CISA rose to 4.68 million tonnes and 2.37 million tonnes, up 10.9 percent and 15.1 percent from the same period in 2023. Additionally, China's steel exports were on track to match or exceed last year's levels, which saw exports rise to about 90 million tonnes – the highest in seven years. Reflecting that trend, steel exports increased by 24 percent year-on-year in January-June to 53.4 million tonnes, with the annual total likely approaching the record high of 110 million tonnes set in 2015.

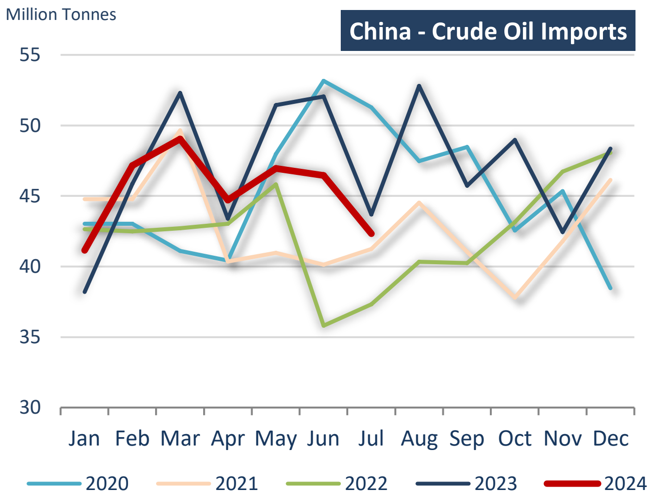


Source: NBS, WSA, Doric Research

In light of these developments, ArcelorMittal SA said exports from China had left the steel market in an "unsustainable" position, as it reported a drop in quarterly profit. Steelmakers in the US and Europe were under pressure from an influx of cheap imports and weak demand, leading to declining prices. ArcelorMittal, the largest producer among Western nations, revised down its forecast for steel consumption outside China, a key indicator of global economic health. The leading producer expected apparent consumption outside China to rise between 2.5 percent and 3 percent during 2024, down from an earlier projection of up to 4 percent. The Luxembourg-based steel manufacturer stated, "China's excess production relative to demand is resulting in very low domestic steel spreads and aggressive exports. Steel prices in both Europe and the US are below the marginal cost." That state of the Chinese steel industry – characterized by waning domestic demand, robust production, and increasing exports – was placing substantial pressure on global steel markets. Adding to these challenges, iron ore inventories at Chinese ports remained notably elevated, standing 20 percent higher than the same period last year. Given these dynamics, Capesize daily rates had sharply declined, dropping from $32,000 on July 2nd to $19,299 by the closing of the first Friday of August.

On the first Monday of August, global stock markets took a sharp dive, with Japanese shares experiencing losses that, at one point, surpassed those of the infamous "Black Monday" in 1987. The trigger for that downturn was a growing fear of an impending US recession. A disappointing US jobs report highlighted a much sharper slowdown in hiring than expected, exacerbating concerns that the world's largest economy was feeling the strain of high borrowing costs. In Europe, the situation appeared equally precarious. The Eurozone economy had slowed considerably, with weaker-than-expected growth in services and significant declines in manufacturing, particularly in Germany. A closely watched business survey revealed that business activity in the Eurozone nearly ground to a halt, with the composite index dropping to a five-month low of 50.1 – just barely above the threshold that separates growth from contraction.

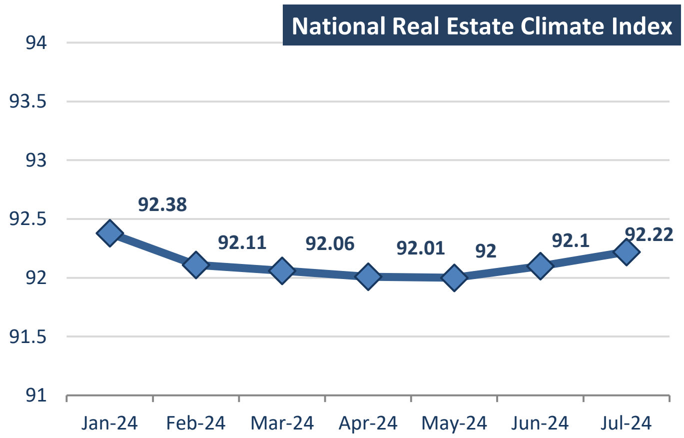
Meanwhile, China continued to grapple with its own set of economic challenges. For the third consecutive month in July, factory activity remained in contraction. The official PMI fell slightly to 49.4 from June's 49.5, indicating a further weakening of the economy. Analysts pointed to weak domestic demand as a key factor. China's export sector, however, had shown some resilience. Conversely, China's import data painted a mixed picture, with overall momentum continuing to wane. Crude oil imports in July dropped to their lowest level in nearly two years, averaging 10.90 million barrels per day (bpd) in the first seven months of 2024 – a 2.9 percent decline from the same period in 2023. Natural gas imports, including both liquefied natural gas and pipeline supplies, were steady at 10.86 million tonnes in July, marginally higher than June's figures. Coal imports in July reached 46.21 million tonnes, the highest since December, but daily figures were consistent with June's levels. Overall, while China's imports of key commodities have shown some stability, the broader trend suggested a continued slowdown in momentum.



Source: GAC, Doric Research

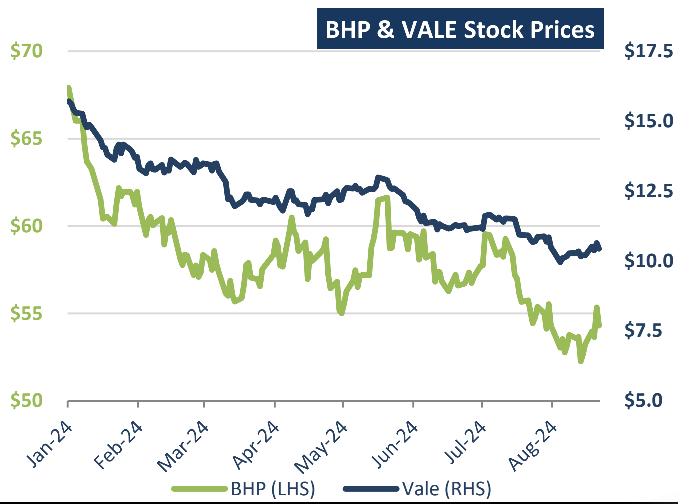
In a volatile period for the stock markets across the globe, China's property sector continued to make headlines. From January to July, investment in real estate development plunged, dropping by 10.2 percent year-on-year to 6,087.7 billion yuan. The downturn in residential investment was even more pronounced, with a 10.6 percent decrease, bringing the total to 4,623.0 billion yuan. That decline reflected broader challenges within the sector, as developers struggled with a tightening credit environment, dwindling demand, and ongoing financial instability.

The downturn was evident in several key indicators. The floor space of real estate projects under construction decreased by 12.1 percent, totaling 7,032.86 million square meters. Residential buildings, which make up the bulk of this sector, saw a 12.7 percent reduction in floor space under construction, down to 4,915.32 million square meters. Even more concerning was the steep decline in new construction starts, with the total floor space of newly started buildings falling by 23.2 percent. Residential projects were hit particularly hard, with a 23.7 percent drop in new starts, highlighting the industry's deepening crisis. Sales figures paint an equally grim picture. The floor space of newly built commercial buildings sold from January to July was 541.49 million square meters, marking an 18.6 percent year-on-year decrease. In that context, China's Real Estate Climate Index, a key measure of industry health remained significantly low, signaling continued distress in the market. The latest reading remained only marginally above the record low of 92.000 recorded in May 2024, underscoring the severity of the situation.



Source: Climate index NBS, Doric Research

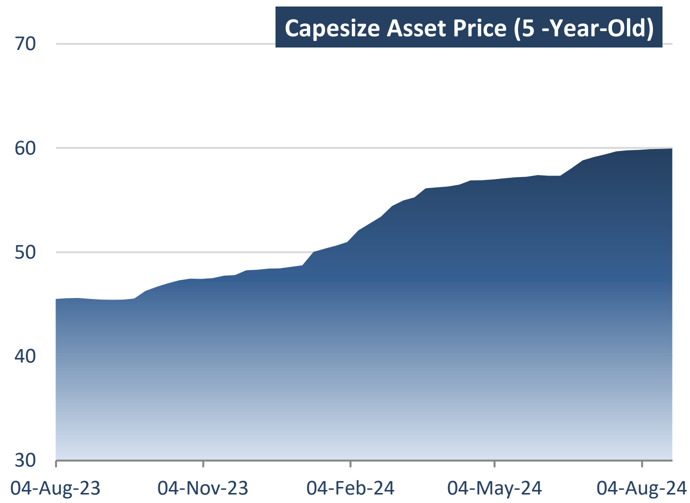
The real estate sector's woes had a ripple effect on related industries, particularly steel and iron ore. In the third week of August, iron ore prices fell to their lowest levels in over a year, driven by weakening demand from China's steel industry. That decline had been exacerbated by new regulations requiring the adoption of updated steel standards, further depressing prices. Iron ore prices for delivery to Qingdao fell below the critical $100 per tonne threshold, a level at which high-cost production became unprofitable. The sharp drop in iron ore prices had significant implications for the world's major mining companies. Since the beginning of the year, the combined market capitalization of the "big four" iron ore miners – BHP, Rio Tinto, Vale, and Fortescue – shrank by approximately $100 billion. That decline prompted warnings from key industry figures and government officials alike. Australian Treasurer Jim Chalmers, for instance, warned that reduced demand for iron ore from China could result in a $3 billion shortfall in tax revenue over the next four years, highlighting the broader economic impact of the downturn.



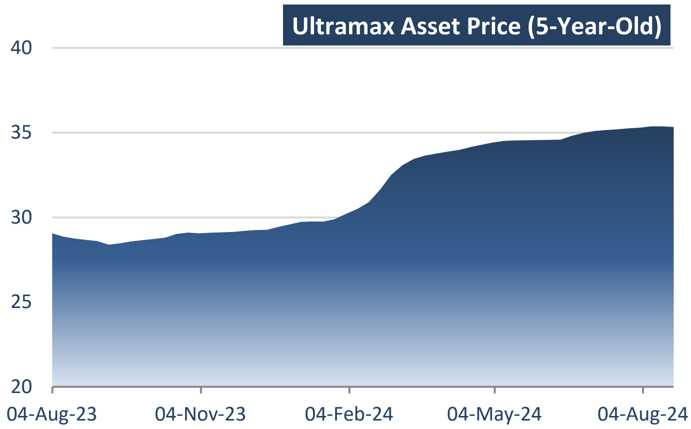
Sentiment in the steel market had been further dampened by a stark warning from China's Baowu Steel Group, the world's largest steel producer. Baowu's chairman, Hu Wangming, cautioned that the latest downturn in China's steel industry would likely be longer and more severe than previously anticipated. He described the ongoing crisis as a "winter" for the industry, one that was "longer, colder, and more difficult" than earlier downturns. Unlike previous economic slowdowns, which were often mitigated by government stimulus measures, the latest challenges in China's property market had proven more resistant to such interventions.

In stark contrast to the bearish sentiment pervading the steel industry, asset prices across the dry bulk spectrum displayed a notable upward trajectory as the summer season approached its conclusion. From the beginning of the year, secondhand ship values rose between 13 and 17 percent, depending on the segment, with Capesizes leading the rally, followed by Ultramaxes, Kamsarmaxes, and Handies.

Capesize and Panamax bulkers began gaining momentum in the latter half of 2023. Comparing their values from the market lows of 2023 to end-August 2024 levels, Capesizes experienced a staggering 25 percent increase in value, while Panamaxes saw a robust 20 percent rise. This sustained improvement raised questions among market observers, as the trajectory of freight rates over the same period did not mirror the surge in asset values. The Capesize freight market remained the most volatile segment for yet another year. However, despite this instability, secondhand Capesize values demonstrated consistent growth. Similarly, the Panamax freight market oscillated throughout 2024, yet asset prices for Panamax vessels rose steadily, marking a clear divergence between freight and asset market dynamics.



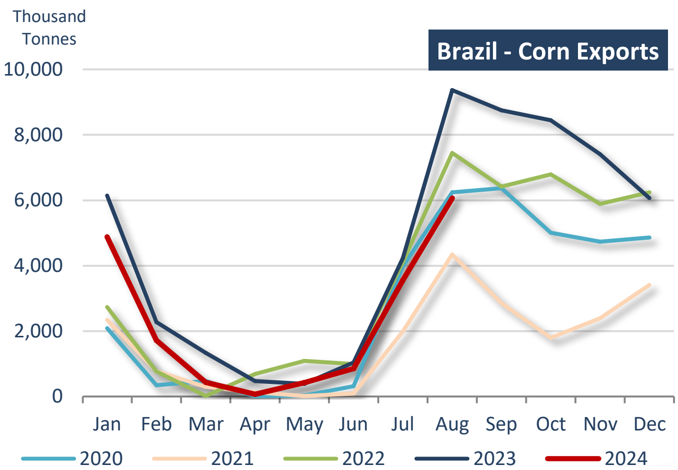
The Ultramax and Handysize segments exhibited steadier hire rate trends compared to other classes, though this stability did not equate to a positive trajectory and remained misaligned with the exceptional growth in secondhand values. Ultramax hire rates showed a gradual increase through August, with asset values rising in parallel to Panamaxes, achieving a nine percent gain. In contrast, Handysize freight rates experienced a sharp surge in March, maintaining buoyancy thereafter, a trend mirrored by Ultramaxes. Handysize secondhand values began climbing in February, ultimately achieving a ten percent increase by the end of August, underscoring the robust demand for these assets despite the uneven freight market.



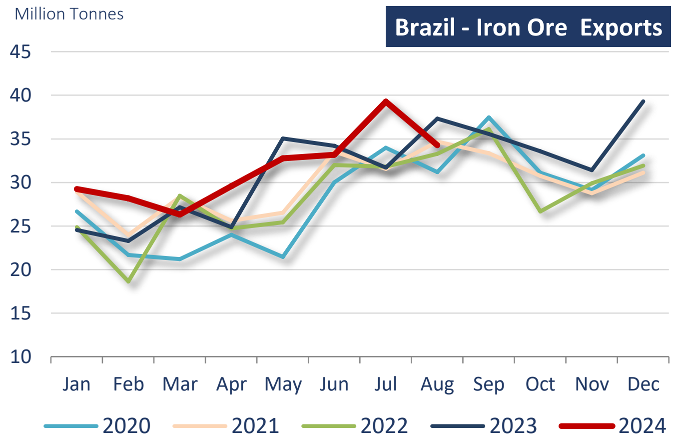
While secondhand vessel values showed an upward trend, the Baltic Dry Index traded within a narrow range in early September, failing to maintain its brief push above the 2,000-point mark. Despite this sideways movement, the index remained considerably higher than levels observed in both early August 2024 and early September 2023. A breakdown of the sub-indices revealed that this annual strength was primarily driven by the Capesize segment, with additional support from Handysize vessels. Conversely, the mid-size Panamax and Supramax segments lagged behind their 2023 performance, with Panamax vessels – integral to grain trades – experiencing a sharp value decline of nearly 20 percent since entering a downward trend in late July.

On the key grain trade routes, China's soybean imports reached a peak in August, with LSEG trade data tracking 11.08 million tonnes, while Customs data reported a slightly higher figure of 12.14 million tonnes. Brazil dominated the supply, accounting for 9.41 million tonnes, followed by Paraguay with 1.08 million tonnes and Uruguay with 0.78 million tonnes. Looking into September, China's soybean imports from Brazil were projected to decline to 7.79 million tonnes, still the highest for that month historically. Overall, total September imports were forecasted to drop to 8.86 million tonnes. For the first eight months, China imported 70.48 million tonnes of soybeans, marking a 2.8 percent increase year-on-year. South American origins, particularly Brazil, Argentina, and Uruguay, accounted for 80.6 percent of these imports, a significant rise from 70 percent last year. This surge in imports, driven by an attractive price environment, led to a substantial stockpile in China, which could weaken demand for US soybeans as Chinese buyers work through their inventory.

In parallel, Brazil's soybean exports reached 8.0 million tonnes in August, a decline of 4.6 percent compared to August 2023. On a month-on-month basis, exports fell sharply by 28.57 percent from July, aligning with the seasonal trend. Brazil's corn exports also followed a downward trajectory, totaling 6.0 million tonnes in August – a steep drop of 35.25 percent compared to the record-breaking figures of the previous August. Despite the year-on-year decline, corn exports in August were significantly higher than in July, rising by 70.61 percent from the seasonal low. Amid these developments, Panamax ecsa ballasters faced challenging market conditions in August.

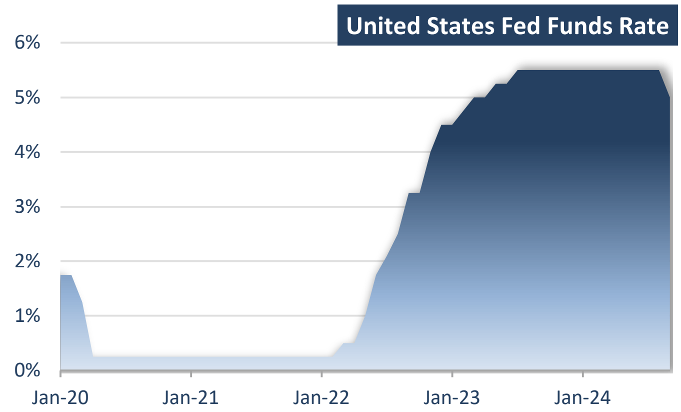


In the iron ore trade, China's imports in August fell by 1.38 percent compared to July and slipped 4.73 percent year-on-year, as weak steel prices and a pessimistic demand outlook curbed buyers' appetite. The world's largest iron ore consumer imported 101.39 million metric tonnes of iron ore in August, according to the General Administration of Customs. That was down from 102.81 million tonnes in July and 106.42 million tonnes in the same month last year. For the first eight months of 2024, China's iron ore imports totaled 814.95 million tonnes, marking a year-on-year rise of 5.2 percent. Additionally, China produced 617.225 million tonnes of crude iron over the first seven months of the year, representing a 6.7 percent year-on-year increase. However, in July alone, crude iron production dropped to 70.22 million metric tonnes, a significant 27.5 percent decrease from June's production of 96.62 million tonnes. The decline in domestic output, coupled with plummeting seaborne iron ore prices, led to an uptick in the substitution of domestic production with imports, supporting the spot market for Capesize vessels. Meanwhile, Brazil's iron ore exports, which are crucial for Capesize trade, reached 253 million tonnes by the end of August 2024, reflecting a 6.2 percent year-on-year increase. That steady volume kept a significant number of Capesizes active over the period.



Overall, the spot market appeared to be entering a more cautious phase in mid-September. The impact of fluctuating commodity prices, rather than genuine changes in demand, was likely to influence freight rates and vessel utilization for the rest of the year, especially for Capesize and Panamax vessels. Financial markets, on the other hand, closely monitored central bank meetings in late September, as policymakers in major economies outlined their strategies for future monetary policy. The US Federal Reserve, the Bank of England, the Bank of Japan, and the People's Bank of China made pivotal announcements that were set to influence economic growth and interest rate trajectories in the months ahead.

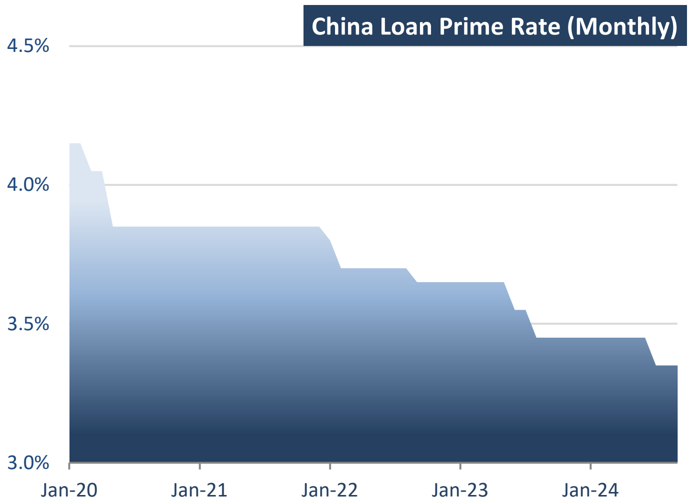
On Wednesday 18 September, the US Federal Reserve captured global attention by implementing its first interest rate cut in over four years. The Fed lowered its federal funds rate by half a percentage point, bringing it to a target range of 4.75 to 5 percent. With inflation still slightly above the 2 percent target, that move was a signal that the Fed was balancing economic recovery with inflationary risks. Furthermore, projections released the same day in the so-called "dot plot" indicated that most Federal Open Market Committee members expected the policy rate to decrease by another half-percentage point before the end of this year. In response, the benchmark S&P 500 climbed 1.7 percent, reaching its first record high since July, while the Dow Jones Industrial Average rose by 1.3 percent, also setting a record.



Source: FED, Doric Research

The Fed's move followed similar actions by other major central banks. In the previous week, the European Central Bank cut interest rates by a quarter percentage point to 3.5 percent, aiming to combat falling inflation and economic stagnation in the Eurozone. In the previous month, the Bank of England cut interest rates for the first time since the Covid pandemic was declared four years ago, after a sharp fall in inflation. Across the globe, the Bank of Japan had opted to hold short-term interest rates, pointing to a moderate recovery in the economy but warning that "high uncertainties" remained in the outlook for activity and prices.

On Friday 20 September, the People's Bank of China took a surprising approach by leaving its benchmark lending rates unchanged at 3.35 percent for the one-year loan prime rate (LPR) and 3.85 percent for the five-year LPR. The decision was unexpected given the global trend towards easing, especially in the wake of the Fed's rate cut. That suggested that the PBOC was exercising caution as it navigated a fragile economic recovery. While China's economy continued to grapple with challenges such as a property market slump and deflationary pressures, the central bank's decision to hold rates reflected its focus on maintaining financial stability in the near term.

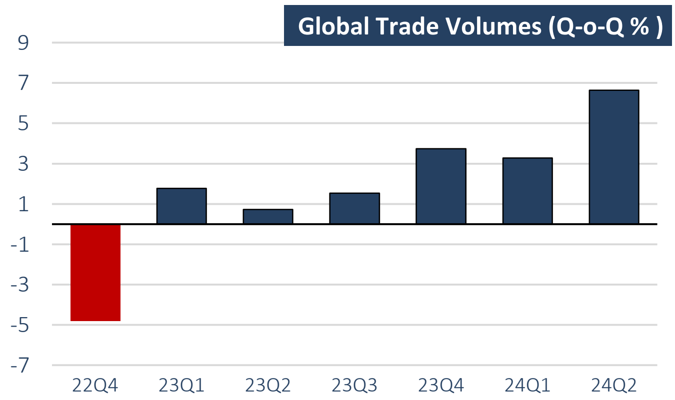


Source: CEIC, OECD, Doric Shipbrokers S.A

Nonetheless, the latest China's economic data painted a rather challenging picture. Recent statistics had showed that production, consumption, and investment all slowed more than anticipated in August, with credit demand remaining weak. In that juncture, analysts suggested that the Fed's aggressive rate cut provided the PBOC with some leeway to lower rates in the future, without risking a sharp depreciation of the yuan or triggering capital outflows. As the world's second-largest economy struggled to meet its annual growth target of 5 percent, there were growing expectations for further stimulus measures.

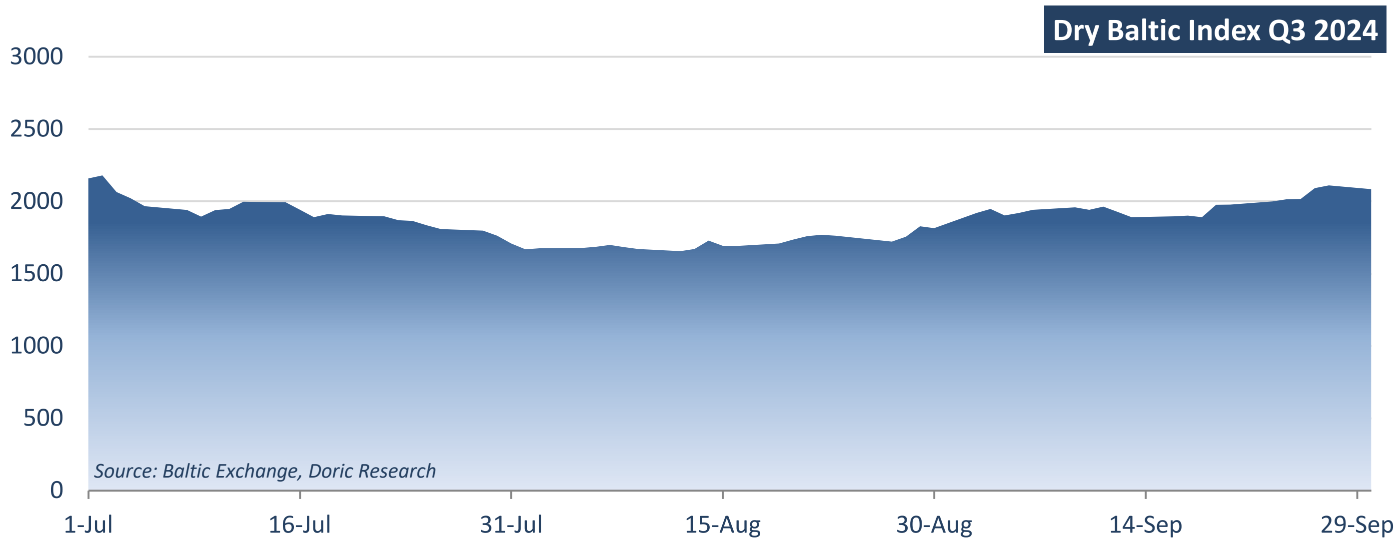
In the last week of September, the OECD stressed that global growth was expected to stabilise at 3.2 percent for both 2024 and 2025. Focusing on the United States, economic activity gained considerable momentum in the second quarter due to rising real wages facilitated by lower inflation. However, forecasts indicated a potential deceleration in growth moving forward. Other advanced economies, including Canada, Spain, and the United Kingdom, had also reported solid GDP growth figures. However, the latest developments in economies like Germany had been less encouraging. Emerging market economies presented a mixed bag of growth prospects. Countries like Brazil, India, and Indonesia were experiencing strong growth, propelled by robust domestic demand. On the other hand, Mexico was confronting a slowdown. China's growth continued to be supported by its export sector, but sluggish consumer demand and ongoing challenges in the real estate market were significant obstacles.

While the global economy showed signs of stability amid various challenges, the recovery in global trade continued through the first half of 2024, with noticeable growth in trade volumes for both goods and services, according to the OECD. A significant driver of that resurgence had been the uptick in US import growth, partly fueled by increased investment in equipment. Additionally, enhanced trade dynamics in key emerging markets –such as China, various Asian economies, Brazil, and India – contributed to the unexpected resilience of trade flows. However, there were indications that orders were starting to weaken again, suggesting that a portion of the trade boost experienced in mid-year might stemmed from earlier-than-usual orders in advanced economies for the peak season. That proactive approach aimed to mitigate potential congestion later in the year.



Source: OECD, Doric Research

The third quarter ended with China's central bank lowering interest rates and injecting liquidity into the banking system. That move was part of Beijing's urgent effort to steer economic growth back towards its target of approximately 5 percent for 2024. The stimulus package, which marked the largest since the pandemic, included substantial funding from the central bank to bolster the stock market, along with policy rate cuts and measures aimed at enhancing bank liquidity. Notably, it also addressed China's ongoing property crisis with a 50-basis point cut in mortgage rates. Furthermore, the politburo announced plans to ramp up fiscal spending to further support growth. Within the dry bulk market, Baltic indices showed a downward trend during the third quarter. The Baltic Capesize index reported a 3.8 percent decline in the trailing three months, closing September at $30,258 daily. Panamax and Handy indices balanced very close to each other, finishing at $12,727 and $12,792 daily, respectively. Panamax segment lost a staggering 14.9 percent of its value during the summer season. Supramax also concluded in the red, reporting an average value of $14,345 daily in the last trading day of the third quarter.

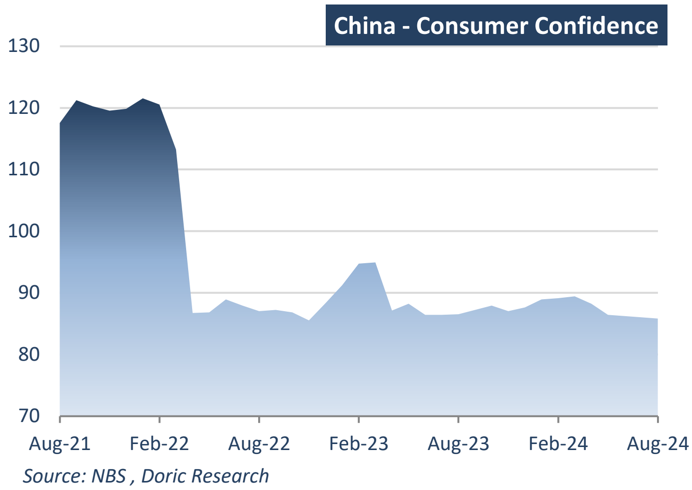


Act IV – " Waiting for the Win

Three years ago, the last trading week of September saw Hong Kong's stock market tumbling as a liquidity crisis at Chinese property giant Evergrande started rippling beyond the real estate sector. That shockwave extended across global markets, triggering a sell-off in Asia that reached European bourses, with futures indicating a sharp drop in New York markets. Commodities like iron ore and copper also slumped, reflecting concerns that the potential collapse of one of China's largest developers could choke off construction demand and weaken appetite for raw materials. Fears of a so-called "Minsky Moment" – a major collapse of asset values – loomed large, driving the CBOE volatility index, the "fear gauge," to its highest level in months.

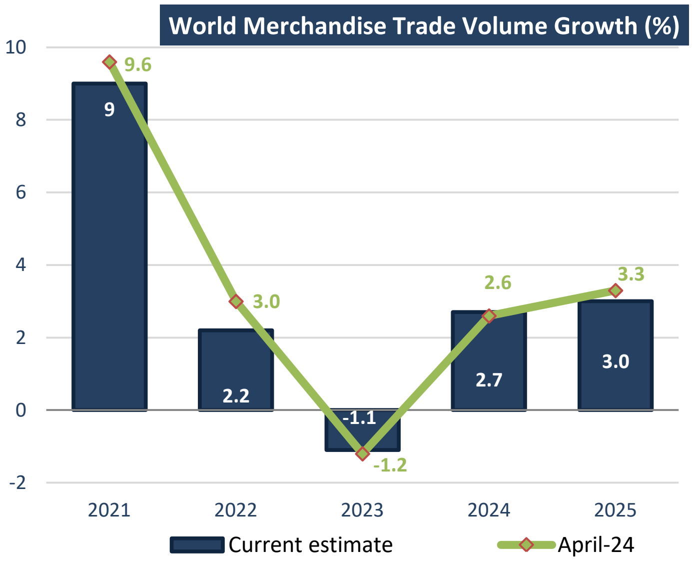
In early October 2024, and while a drastic crash of a "Minsky Moment" hadn't materialized, China's property sector remained sluggish, still grappling with the aftershocks of Evergrande's near-collapse. The latest moves by the Chinese government underscored how precarious the situation remained. In the last week of September, Beijing stepped up efforts to revive its struggling property market with fresh directives for commercial banks to slash mortgage rates, providing annual savings of 150 billion yuan (about 21.4 billion US dollars) for borrowers. Additionally, down payments for second home purchases were reduced in an effort to reignite property buying. In tandem, several of China's largest cities loosened property restrictions, building on Beijing's biggest stimulus package since the pandemic. Guangzhou, the provincial capital of Guangdong, announced it would eliminate all homebuying restrictions, while Shanghai and Shenzhen, two of China's most important financial and tech hubs, relaxed rules on home ownership for non-locals. As of October 1, non-local residents in Shanghai and Shenzhen could more easily purchase homes, as the threshold for eligibility had been lowered.

As the National Day holiday kicked off, domestic investors in China were riding high, with mainland stock markets surging and closing the final trading day in bull territory. The holiday has been traditionally a time of increased consumer spending, a key gauge of economic health in the world's second-largest economy. This year, however, the stakes were even higher, as analysts scrutinise whether President Xi Jinping's latest stimulus efforts could breathe new life into consumer sentiment and spending. Transport authorities projected 1.94 billion trips during the holiday week, a slight increase from last year and nearly 20 percent higher than 2019 levels. Rail travel was set to play a significant role, with over 175 million passengers expected to use the network. Meanwhile, state media outlets were enthusiastically reporting on "record" figures across various sectors, including cinema ticket sales, railway traffic, and road trips. According to a top official from the Ministry of Culture and Tourism, China anticipated 4.29 billion domestic trips by the end of the third quarter, a 16.8 percent rise compared to the same period last year. Tourism revenues for the same period were also projected to climb by 17.1 percent year on year, reaching 4.32 trillion yuan (approximately $615.6 billion).



In the second week of October, official data confirmed the positive feeling. China's National Day holiday, commonly known as "Golden Week," experienced a notable resurgence in tourism activity, reflecting strong growth in passenger travel across the country. Official data and reports from major Chinese travel platforms highlighted significant increases in both domestic and international travel. On the final day of the week-long National Day holiday, the Ministry of Transport reported that over 278.76 million cross-regional passenger trips were made, marking a 5.2 percent increase year-on-year. That figure also represented an impressive 24.8 percent rise compared to the same period in 2019, prior to the pandemic. Rail travel, in particular, saw a sharp uptick, with more than 18.52 million trips recorded, reflecting an 8.6 percent rise from 2023 and a 26.6 percent increase from 2019 levels. This year's Golden Week came on the back of several policy initiatives aimed at revitalizing consumer confidence. China's consumer spending had been relatively sluggish since the pandemic, largely due to concerns over income stability and economic growth. Despite these challenges, domestic tourism spending during the holiday reached 700.82 billion yuan (US$99.30 billion), a 6.3 percent year-on-year increase. However, per capita spending remained below pre-pandemic levels, coming in 2.09 percent lower than the same period in 2019.

On another positive note, global trade dynamics showed signs of recovery, albeit with lingering uncertainties. According to the World Trade Organization (WTO), global merchandise trade experienced a 2.3 percent year-on-year increase in the first half of 2024, indicating a modest rebound after the downturn witnessed in 2023. That recovery was expected to continue into 2025, with the WTO forecasting global trade volumes to rise by 2.7 percent in 2024 and 3.0 percent in 2025.



Source: WTO, Doric Research S.A

In terms of trade value, the US dollar value of global merchandise trade remained flat in the first half of 2024, registering a modest 0.1 percent increase compared to the same period in 2023. That marked an improvement from the previous six months, which saw a 5 percent year-on-year decline. Trade in agricultural products fell by 1 percent year-on-year in the first half of 2024, while trade in manufactured goods rose by 2 percent. However, trade in fuels and mining products continued to decline, falling by 7 percent during the same period. Within the manufactured goods category, most sectors experienced slight contractions, except for a few notable exceptions such as office and telecom equipment, which saw a 6 percent increase, and iron and steel, which recorded a 9 percent decline.

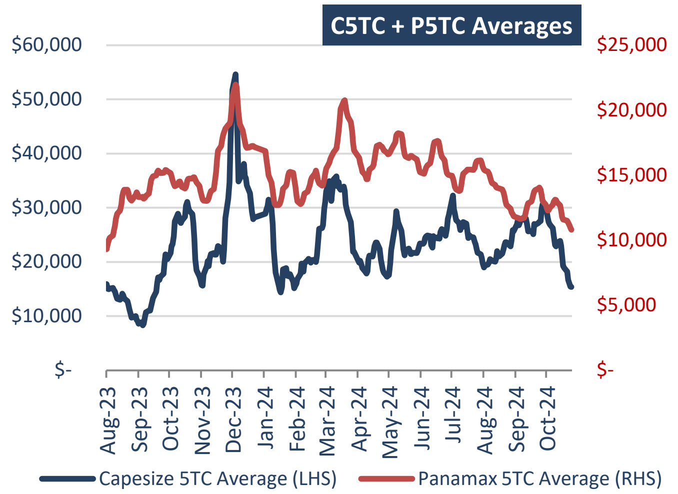
In the spot market for the forty-first trading week, the dry bulk market exhibited a cautious tone. Geared vessels saw minimal price movement, with rates largely drifting sideways. The Capesize sector, however, suffered significant declines, with rates dropping by double digits, a stark contrast to the Panamax segment, which managed a modest recovery. The Capesize market had been closely monitoring China's iron ore port stocks during mid-October. Exactly one year ago, inventories had dipped to 105.2 million tonnes as of October 13, marking a nearly 20 percent year-on-year drop and hitting their lowest level since October 2016. Twelve months later, the landscape had drastically changed. As of the 10th of October 2024, imported iron ore stocks across 45 major Chinese ports surveyed by Mysteel totaled 151.1 million tonnes. High stock levels and the absence of any substantial stimulus measures from Beijing weighed heavily on the Capesize market during the forty-second trading week. The lack of decisive government action to bolster economic growth added further pressure to freight rates, causing Capesize rates to take a significant hit. The Panamax market faced concurrent challenges, as sluggish corn export activity from Brazil, coupled with a lackluster North Atlantic region, weighed on market sentiment. These factors contributed to downward pressure on the spot market, reflecting broader weaknesses in demand and trade flows for Panamax units.

On the macroeconomic front, China's economy expanded 4.6 percent year-on-year in the third quarter, official data showed, slower than in the previous three months, underlining faltering growth. The economic growth figure was the lowest in 18 months, below the government's full-year target of 5 percent and less than the 4.7 percent recorded in the three months to June.

In reference to the external trade, China's overall import figures painted a rather complex picture for the dry bulk sector. Driven by steady demand throughout the year, Iron ore imports for the first nine months of 2024 totaled 918.87 million tonnes, reflecting a year-on-year increase of 4.9 percent. A steep price decline, falling below the psychological $100-per-tonne mark in both August and September, encouraged more bookings from seaborne cargoes, as mills sought to capitalize on the lower cost despite high portside inventories. Coal imports surged in September, hitting a record 47.59 million tonnes, up 13 percent year-on-year. That spike in coal imports was primarily driven by falling international prices and heightened demand from both industrial and thermal power generation sectors. From January to September, China's coal imports rose by 11.9 percent year-on-year to a substantial 3.89 billion tonnes. In September, China's soybean imports also registered a near-record high of 11.37 million tonnes, marking a staggering 59 percent increase compared to the same month in 2023. The spike was largely attributed to lower global soybean prices and an aggressive buying strategy by Chinese importers seeking to mitigate potential supply chain disruptions in the following months. Total soybean imports for the first nine months of the year reached 81.85 million tonnes, reflecting an 8.1 percent year-on-year increase. However, the third quarter ended on a weaker note for grain trades. The muted export activity from Brazil carried into October, further softening Panamax Atlantic balancing levels and adding pressure to freight rates in this segment.

Despite positive growth in coal and soybean imports during the previous months, spot market was grappling with significant headwinds during October. High portside inventories, weak steel margins, and subdued construction demand in China stifled the market's potential upside, particularly for the Capesize and Panamax segments. Although coal and agricultural imports provided some relief, the absence of decisive stimulus measures from Beijing and ongoing uncertainty surrounding China's industrial output had cast a shadow over the market's prospects. In that challenging environment, the Baltic Dry Index was balancing at 1,576 points in mid-october, significantly lower than earlier that month.

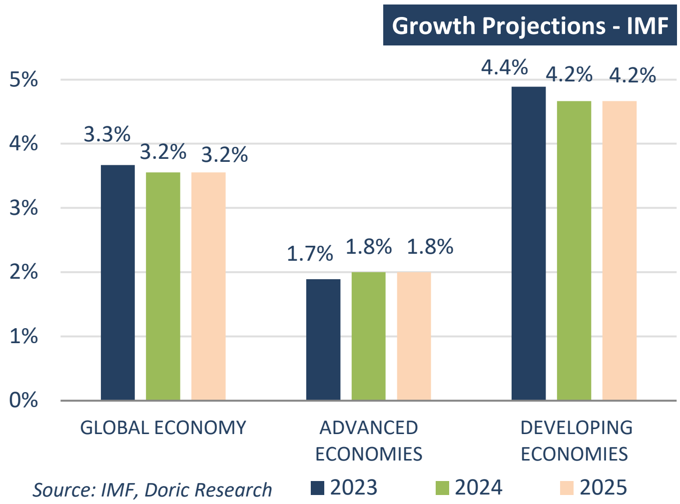
The Baltic Dry Index balanced at 1,410 points in the final trading week of October, underscoring persistent demand-side pressures across dry bulk vessel segments. Capesize vessels saw daily earnings drop to $15,395, a level last reached in early January, reflecting weakened iron ore trade flows amid concerns over China's economic outlook and lower steel production forecasts. Panamax vessels, crucial for grain and coal shipments, faced a sharp 6.5 percent decline to $10,813 per day, marking a 14-month low due to slowing grain exports, logistical challenges, and reduced demand from major importers. In contrast, Supramax and Handysize segments displayed resilience, with average earnings at $15,669 and $13,098 per day, respectively, driven by steady demand for minor bulk commodities and localized trade. Broadly, the last week of October encapsulated an economic environment of stable but underwhelming growth, underlining soft demand in global trade.



Source: Baltic Exchange, Doric

The outlook for global economic growth remained stable yet constrained, as the IMF projected a gradual deceleration from 3.3 percent in 2023 to 3.1 percent by 2029. Growth dynamics among advanced economies showed stagnation; the US economy was slowing as it neared its growth potential, while the euro area was gradually recovering from an economic slump due to improved exports. Emerging economies, particularly in Asia, experienced growth from the tech and electronics sectors, driven by investments in artificial intelligence. In China, despite persisting weakness in the real estate sector and low consumer confidence, growth was projected to have slowed only marginally to 4.8 percent in 2024, largely thanks to better-than-expected net exports. The stability in global projections underscored an economic environment that, although balanced, lacked significant momentum to spur a notable uptick in demand for dry bulk shipping.

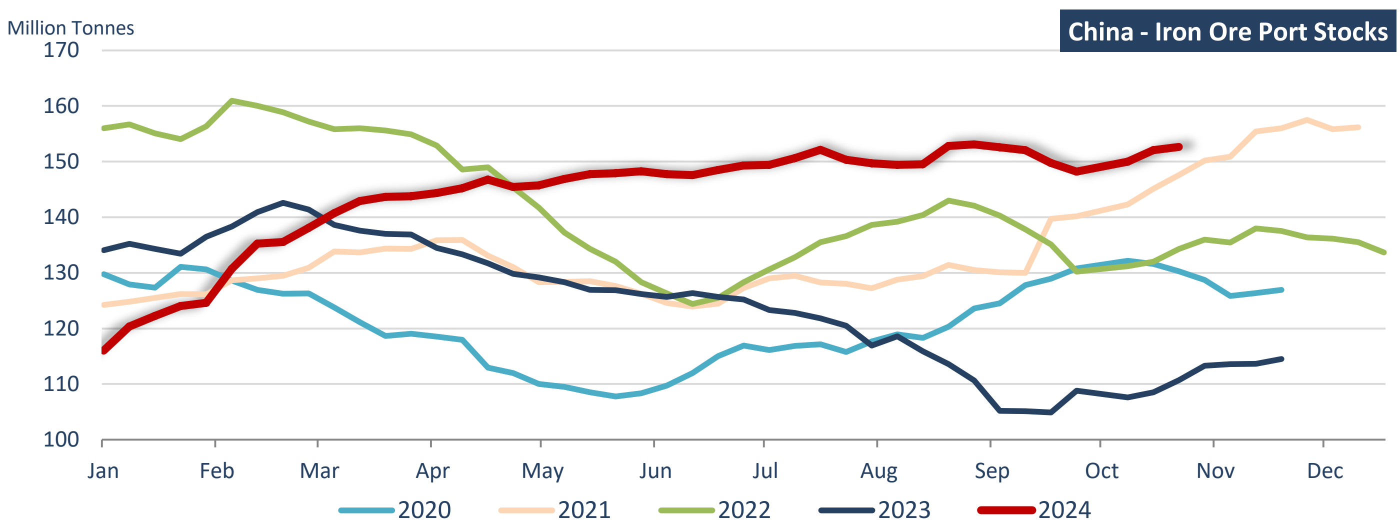
Global steel production had similarly felt the pinch, with demand forecasted to decline by 0.9 percent in 2024 before a modest rebound of 1.2 percent in 2025, according to the World Steel Association. Persistent challenges in the manufacturing sector, coupled with the weak housing market in China and tight financing conditions globally, stymied demand for steel. In China, where steel consumption was poised to fall by an additional 1 percent in 2025, real estate sector instability remained a significant drag. Outside China, emerging economies, notably India, were projected to lead a recovery in steel demand, driven by infrastructure investment. Steel demand in developed nations, particularly in the US, Japan, and the EU, was also expected to revive by 2025 as construction sectors stabilize. This outlook suggested that while the steel sector grappled with near-term demand issues, structural factors in emerging markets might support a gradual recovery, providing some relief for the dry bulk shipping market's iron ore and coal segments.



Source: IMF, Doric Research

November started with the Chinese import data indicating increased activity for yet another month. China's iron ore imports in October climbed by 4.5 percent from the prior year to 103.84 million metric tonnes, as steelmakers' margins improved thanks to Beijing's massive economic stimulus package spurring more buying. The figure takes the number of months during 2024 when volumes exceeded 100 million tonnes to eight. In the first ten months, China's iron ore imports totalled 1.023 billion tonnes, a year-on-year rise of 4.9 percent. Similarly, coal imports reached 435 million tonnes during the first ten months, up 13.5 percent from a year earlier. In October, China's imports of all types of coal soared by 28.5 percent on-year to reach 46.25 million tonnes, as against 35.99 million tonnes in the same month last year, according to data released by the General Administration of Customs China.

Conversely, China's steel production moved in the opposite direction, falling for a fourth consecutive month in September to 77.07 million tonnes, down 1.1 percent from August and 6.1 percent year-on-year. The total output for the first nine months of 2024 stood at 768.48 million tonnes, marking a 3.6 percent drop compared to the same period in 2023. That imbalance between imports and steel production contributed to an increase in stockpiles, with iron ore inventories at 45 key Chinese ports rising from a seven-year low of 104.89 million tonnes last October to 154.2 million tonnes as of October 31.



Source: Refinitive, Doric Research

In tandem, China also increased its agricultural imports amid concerns over potential trade disruptions. For the first nine months, soybean imports rose 8 percent to 81.85 million tonnes, driven by substantial September volumes. With Brazil entering its off-peak soybean export season, US soybean arrivals typically took over from October to March. However, this year, the flow from the US appeared slower than last year's already modest levels. Other grains had similarly surged, with barley imports up 63 percent and sorghum shipments climbing 86 percent over the first three quarters. These elevated import levels underscored China's approach to securing its agricultural supply chain, maintaining a robust inventory buffer against possible trade risks.

The dry bulk market's performance in October illustrated a complex mix of resilience and caution. While smaller segments like Supramax and Handysize showed relative stability, the Capesize and Panamax segments experienced notable declines, underscoring a more cautious market outlook. Elevated iron ore imports alongside rising stockpiles in China reflected an approach of preparedness amid slowing steel production. Additionally, strong agricultural imports highlighted China's strategic stance on supply security amidst trade uncertainties. With less than a couple of months left in the trading year, the accumulation of high inventories suggested that any future increase in imports might be restrained rather than accelerated.

China's agricultural import strategy remained robust during the first nine months of the year, with soybean imports rising 8 percent to 81.85 million tonnes, bolstered by strong September arrivals. As Brazil's soybean export season tapered off, US shipments, traditionally dominant from October to March, lagged behind last year's already subdued levels. Other grain imports surged, with barley rising 63 percent and sorghum increasing 86 percent year-on-year. These elevated volumes reflected a deliberate effort by China to fortify its supply chains, ensuring buffer stocks amidst potential trade disruptions.

October's dry bulk market mirrored this cautious yet strategic approach. While Supramax and Handysize vessels demonstrated relative stability, Capesize and Panamax segments experienced sharper declines, driven by reduced iron ore and grain trade flows. Rising iron ore inventories in China, alongside strong agricultural imports, highlighted a dual strategy of mitigating short-term risks and addressing long-term supply security. However, with inventory levels already elevated, the likelihood of sustained import growth appears limited as the year-end approaches.

In November 2016, as the Brexit aftermath lingered, the world faced another seismic shift: the election of Donald Trump as the 45th President of the United States. His victory ushered in a wave of anti-globalization sentiment that sent shockwaves through global markets. Trump's populist agenda and campaign of uncertainty challenged the norms of international cooperation, dismantling the long-held belief that anti-establishment figures were unelectable. This disruption prompted analysts to turn their attention to the rise of populist movements across Europe, which were gearing up for pivotal elections of their own. Meanwhile, Trump's unorthodox foreign policy proposals, such as urging Japan and South Korea to develop their own nuclear arsenals, stoked fears of regional instability and a potential arms race in the Pacific.

Domestically, Trump's promises of a $1 trillion infrastructure program aimed at stimulating growth and creating jobs struck a chord with voters and investors alike. However, his rhetoric on trade – particularly threats of tariffs as high as 45 percent on Chinese goods and a complete renegotiation of NAFTA – signaled a sharp turn towards protectionism. These conflicting signals set the stage for market volatility. In the immediate aftermath of his 2016 victory, financial markets showcased a mix of optimism and caution. The Dow Jones Industrial Average surged to record highs, reflecting investor enthusiasm for fiscal stimulus and deregulation, while the technology-heavy Nasdaq faltered amid concerns about potential regulatory crackdowns. Pharmaceutical, banking, and industrial stocks thrived, driven by expectations of reduced regulation, while sectors such as utilities and real estate fell out of favor. Commodities, particularly industrial metals, rallied on hopes of increased demand from large-scale infrastructure projects. The US dollar strengthened against major currencies, and bond yields rose sharply as markets anticipated higher interest rates under Trump's administration.

Fast forward eight years, and history appeared to be repeating itself. Donald Trump returned as the 47th President, once again sparking reactions across global markets. US equities rallied in the wake of his re-election, with the Dow surging by 1,507 points, or 3.57 percent, marking its largest single-day gain since November 2022. The S&P 500 and Nasdaq followed suit, climbing 2.5 percent and 2.95 percent, respectively. The dollar posted its biggest gain in two years, rising 1.7 percent against both the euro and the British pound to reach its highest level since July. Treasury yields also rose, reflecting expectations of tighter monetary policy. In a striking development, Bitcoin soared to an all-time high of $75,999, a single-day jump of over $6,600.

The reaction in global markets was more muted and uneven. European stocks ended in negative territory, with the pan-European Stoxx 600 shedding 0.59 percent amid investor concerns over Trump's protectionist trade policies and their potential impact on the region's export-dependent industries. Major indices in Asia Pacific reflected a similarly cautious mood. Japan's Nikkei declined by 0.43 percent, and South Korea's KOSPI dipped 0.18 percent. However, there were bright spots: China's CSI 300 gained 3 percent, driven by unexpectedly strong export data for October, while Hong Kong's Hang Seng Index climbed 2 percent. International markets have also reacted to potential shifts in US foreign policy. The Moscow Stock Exchange rose by 3.3 percent amid speculation that Trump's administration could ease sanctions on Russia.

The renewed focus on Trump's economic policies led to significant sectoral shifts. US banks were among the biggest beneficiaries, with Wells Fargo, Citigroup, and Bank of America rising nearly 8 percent in pre-market trading. The energy sector emerged as another clear winner. ExxonMobil shares climbed 2 percent, while those of rival Chevron gained around 3 percent. Shares of smaller oil companies also rose. Trump is viewed as a supporter of increased oil supply from American producers and higher tariffs, both likely benefiting domestic players. Offshore oil and gas companies posted significant gains, with Noble Corp jumping 11.2 percent and Transocean rising by 4.9 percent. That shift came at the expense of renewable energy companies, which experienced sharp declines.

However, not all sectors have benefited from the changing economic landscape. US soybean exporters faced renewed challenges as concerns mount over trade relations with China, their top customer. Chinese exporters faced the possibility of a 60 percent tariff, dragging down the Hang Seng Index by 2.6 percent and leading to a 3.6 percent decline in shares of BYD, China's largest electric vehicle maker. European automakers were similarly hit, with Porsche, BMW, and Volkswagen falling by 6.5 percent, 6.4 percent, and 4.9 percent, respectively. These declines reflected fears that higher tariffs on imported vehicles could further erode profitability in an already challenging market.

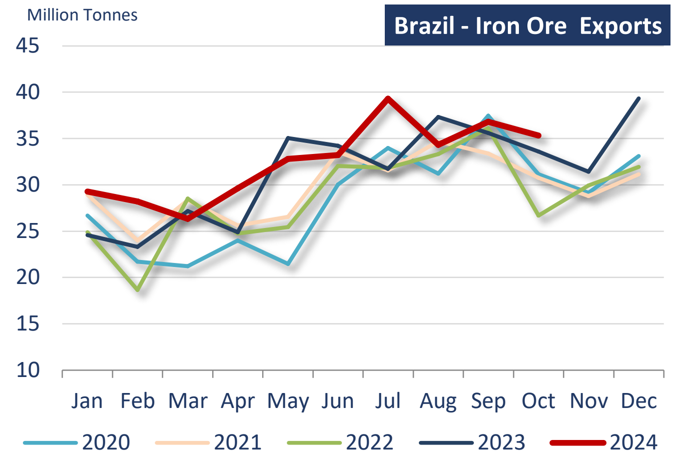
The shipping sector presented a mixed picture. Energy-linked tanker stocks, such as DHT Holdings and Nordic American Tankers, posted gains of 4 percent and 4.5 percent, respectively, driven by expectations of increased crude transportation demand. Dry bulk stocks also recorded modest increases, with Genco Shipping & Trading Limited up 2.5 percent and Diana Shipping rising 1.1 percent, supported by potential demand for raw materials linked to infrastructure projects. However, container shipping stocks faced downward pressure. Zim Integrated Shipping Services fell by 3 percent, while industry giants AP Moller-Maersk and Hapag-Lloyd dropped more than 5 percent and 3 percent, respectively, reflecting concerns over trade disruptions and reduced global commerce.

Donald Trump's return to the White House reintroduced a familiar wave of market volatility, reflecting a divided investor sentiment. On one hand, optimism surrounded potential fiscal stimulus and deregulation. On the other, apprehension loomed over the broader implications of his protectionist trade agenda, which could exacerbate tensions in global trade networks. The market's reaction mirrored the uncertainty seen during Trump's initial election in 2016, highlighting the cyclical interplay between political developments and economic performance.

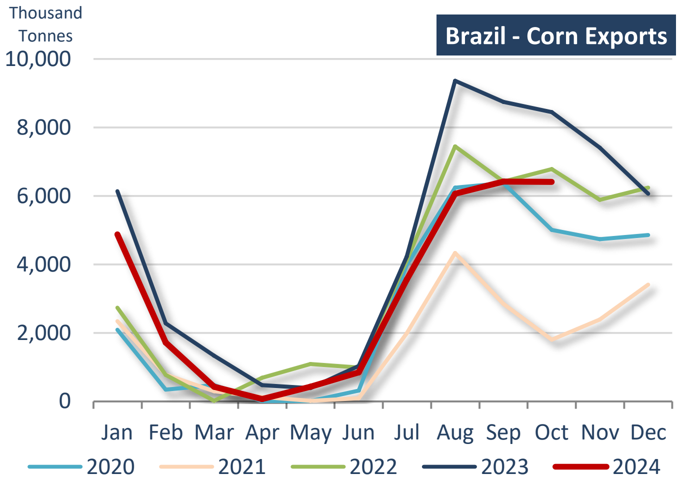
Two years ago, Doric's Weekly Insight captured a market grappling with an extraordinary set of global challenges. The International Monetary Fund emphasized a confluence of headwinds, including Russia's invasion of Ukraine, interest rate hikes aimed at controlling inflation, and lingering disruptions from the Covid-19 pandemic, particularly in China. These factors created a highly volatile environment that significantly impacted global trade flows and shipping markets. Fast forward two years in the mid-November 2024, the global economy had traversed a complex recovery path. The battle against inflation, once a dominant global challenge, has largely been won, albeit unevenly across regions. Despite a synchronized tightening of monetary policy, the global economy has demonstrated remarkable resilience, avoiding the much-feared global recession. However, the IMF warns of new risks that could derail growth: an escalation of regional conflicts, overly restrictive monetary policies, China's slowing economy, and a rising tide of protectionist measures. These risks, though less acute than those of two years ago, created an environment where global growth has been stable but underwhelming.

The mid-November dry bulk market reflected that complex economic backdrop, with the Baltic indices displaying a mixed performance. The Baltic Capesize Index showed a robust recovery, with month-to-mid-November gains exceeding $10,000, closing at $26,777 daily. In stark contrast, the Baltic Kasmarmax Index remained subdued, staying below $11,000 daily for seventeen consecutive trading sessions and ending the second week of November at $10,906 daily. Similarly, the Supramax and Handysize indices continued their downward spiral, closing at $10,848 and $12,337 daily, respectively. The disparity between Capesize and other vessel classes highlighted the varying demand dynamics across key commodity trades, particularly in Brazil.

The latest export data from Brazil offered crucial insights into these trends, particularly the strength in the Capesize market. In October 2024, Brazil's iron ore exports totaled 35.3 million tonnes, a decline from the previous month's rebound but 5.08 percent higher year-on-year. Exports to China, the primary consumer of seaborne iron ore, increased by 6 percent to 25.9 million tonnes. Shipments to Malaysia, home to Vale's Teluk Rubiah distribution center, held steady at 2.3 million tonnes, while exports to Japan surged to just over 1 million tonnes, up from 384,000 tonnes the previous year. Year-to-end-October, Brazil's iron ore exports reached 324.8 million tonnes, marking a 5.7 percent increase from the same period in 2023. That robust performance underpinned the strength in the C3 Tubarão-to-Qingdao route, the key benchmark for Capesize activity in the Atlantic. With just a few trading days in October as an exemption, freight rates for this route constantly outperformed last year's levels.

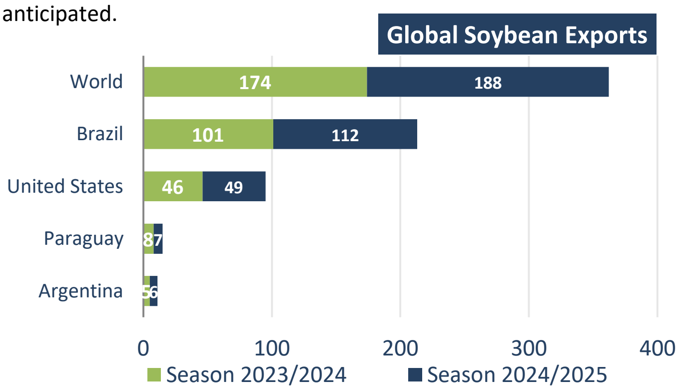


In contrast, Brazil's agricultural exports struggled during the same period. Soybean shipments totaled 4.7 million tonnes in October, down 16.07 percent year-on-year. That decline reflected seasonal trends, as well as weaker demand from China, which had historically been the primary driver of Brazil's soybean exports. Despite a strong export campaign in the first half of 2024, Brazilian soybeans faced a significant slowdown during the export months of August to October. That weighed heavily on the Baltic Panamax Index, particularly the P8 Santos-to-Qingdao route, which has underperformed since mid-year. Corn exports, while slightly more resilient, had also faced challenges. October exports totaled 6.4 million tonnes, a 24.17 percent year-on-year decline. Weak demand from China, coupled with logistical constraints, dampened export volumes. Year-to-end-October, Brazil's corn exports were on track to reach 46.9 million tonnes, falling short of earlier forecasts. Although corn exports saw a brief surge during June and July, the critical August-to-October period failed to replicate the highs of 2023.



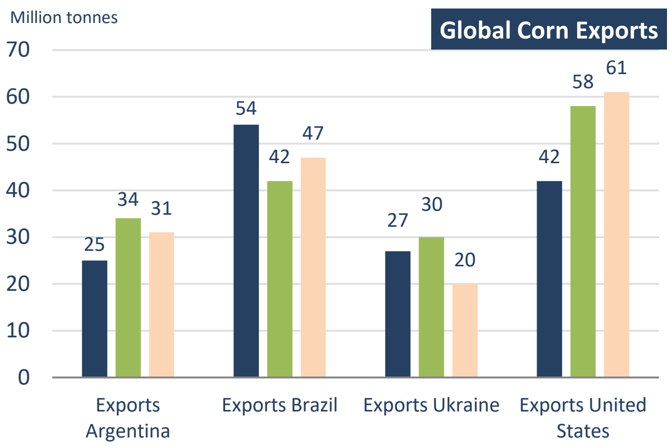
Against this backdrop, the Baltic Dry Index (BDI) ended the third week of November at 1,537 points, with all segments remaining in the red. Traditionally, this time of year witnesses bullish sentiment, often characterized by surging rates and a hunt for market peaks. However, the 2024 landscape told a different story, with market dynamics under pressure and seemingly searching for a floor. The Panamax segment bore the brunt of the downturn, closing the week with an average daily time charter equivalent of $9,747. That marked the lowest level for Panamaxes since August 2023. That steep drop underscored the extent of the challenges facing Panamax units, as a lack of fresh inquiries continues to undermine sentiment.

During the 2023/24 marketing year (October to September), China imported a record 104.75 million tonnes of soybeans, up by 7.6 million tonnes compared to the previous season. This growth was largely driven by a significant shift in sourcing patterns. Brazilian imports surged by 14.58 million tonnes year-on-year to 77.32 million tonnes, accounting for 73.8 percent of total imports, up from 64.6 percent the previous year. At the same time, US soybean imports fell by 5.82 million tonnes to 20.92 million tonnes, reducing their share of total imports from 27.5 percent to just 20 percent. China's increased reliance on Brazilian soybeans reflected both competitive pricing and ample supply. Brazil's record exports allowed China to secure soybeans at favorable rates, while improved weather conditions point to a bumper harvest of 169.5 million tonnes for 2025, further reinforcing Brazil's dominant position. Despite these record imports, China accelerated its purchases of US soybeans in late November, likely as a hedge against geopolitical risks. With concerns about US-China trade tensions on the rise, Chinese buyers were stockpiling US soybeans in anticipation of potential disruptions. However, significant increases in US shipments were not anticipated.



Source: LSEG, Doric Research

Corn markets exhibited similarly mixed trends, with stark regional contrasts in trade flows. US corn exports started the 2024/25 marketing year strongly, with September-October shipments totaling 7.42 million tonnes, the highest in five years, according to the LSEG. That surge was driven by robust demand from key markets, including Mexico, Colombia, and Japan. However, exports to China were negligible, reflecting weak Chinese demand for imported corn. In contrast, Brazil's corn exports had been severely impacted, with March-October shipments totaling just 25.08 million tonnes, a 27 percent year-on-year decline. The fall in Brazilian exports was attributed to reduced production following drought-related crop losses and the absence of Chinese buyers. China's muted demand for corn highlighted broader shifts in global trade dynamics. With record domestic production and a relatively stagnant consumption growth rate, China's import requirements had diminished significantly.



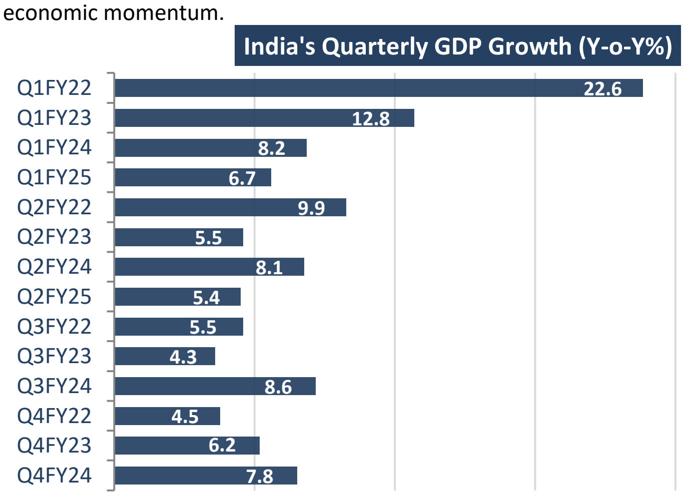
Source: LSEG, Doric Research

On the macroeconomic front, global economic growth showed signs of resilience, supported by easing inflationary pressures and steady, albeit uneven, recovery in key regions. OECD projected that that resilience will continue, with global GDP increasing by 3.2 percent in 2024 and 3.3 percent in 2025 and 2026. However, that solid overall performance masked significant differences across regions and countries. The United States continued to demonstrate robust economic momentum, buoyed by strong consumer spending and labor market stability, though the Federal Reserve's cautious stance on interest rates highlights underlying concerns about inflation persistence. Meanwhile, the Eurozone grappled with subdued growth prospects as elevated borrowing costs and weak manufacturing output weigh on its economic trajectory.

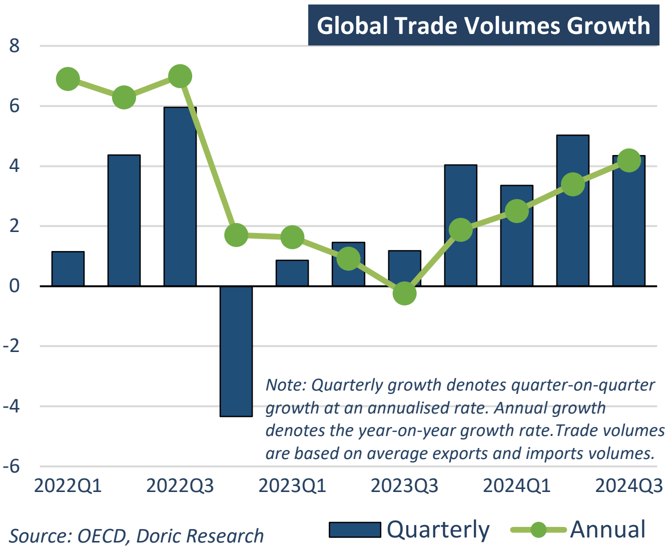
For Asian economies, IMF and OECD had the same view. Growth in Asia was projected to decelerate in 2024 and 2025, reflecting the diminishing impact of pandemic recovery and long-term structural factors such as population aging. However, the region's short-term outlook had been revised upward since April by the IMF, with regional growth in 2024 forecasted at 4.6 percent, an increase of 0.1 percentage point. For 2025, the growth forecast for the region had also been adjusted upward by 0.1 percentage point to 4.4 percent, with looser global and domestic monetary policies anticipated to stimulate private demand.

In advanced Asian economies, growth was projected to decline to 1.6 percent in 2024, before rebounding to 1.9 percent in 2025. Japan's 2024 growth forecast had been revised downward to 0.3 percent due to temporary supply chain disruptions, although a recovery to 1.1 percent is anticipated in 2025. South Korea and other advanced economies in the region were benefiting from resilient global demand for technology products, with South Korea's growth projection upgraded to 2.5 percent for 2024. Meanwhile, Australia and New Zealand continued to face challenges stemming from restrictive monetary policies.

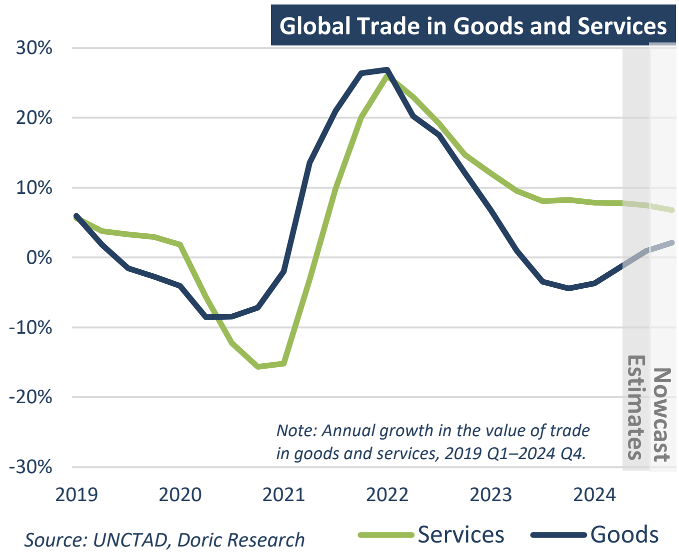
For emerging market economies in Asia, growth was expected to decelerate, but at a more moderate pace than initially forecasted. The growth forecast had been revised up by 0.1 percentage point for both 2024 and 2025, at 5.3 percent and 5.0 percent, respectively. In China, growth for 2024 had been revised down to 4.8 percent, reflecting weaker-than-expected domestic demand in the second quarter. In 2025, China's growth was expected to slow to 4.5 percent due to the combined effects of an aging population and slower productivity growth, although a recovery in the property market could support domestic demand. Growth in Indonesia, the Philippines, and Vietnam was expected to remain strong, while Thailand's growth was anticipated to be more subdued. India's 2024 growth forecast had been revised up by 0.2 percentage point to 7.0 percent. India continues to solidify its position as a bright spot in the global economic landscape, posting consistent growth across key sectors. Industrial production has maintained a steady pace, underpinned by expansions in manufacturing, electricity, and mining. The agricultural sector, buoyed by favorable monsoon conditions, has also supported rural consumption and overall economic momentum.



Source: Ministry of Statistics & Programme Implementation, Doric Research



Source: OECD, Doric Research



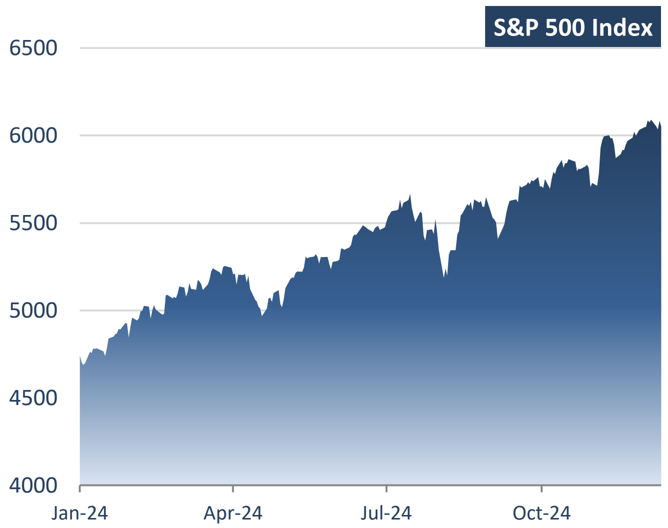
Source: UNCTAD, Doric Research

December had started with the Baltic indices being on a downward trajectory. In contrast, global trade volumes are set to recover from the downturn in 2023, with growth projected at 3.5 percent in 2024 and 3.6 percent in 2025, before moderating slightly in 2026. This recovery is supported by stronger trade between emerging-market economies and rising investment and consumption in both advanced and emerging markets. Trade intensity, while stronger than the pre-pandemic decade average, is expected to vary by region, with advanced economies, particularly in Europe, experiencing lower intensity compared to China and other emerging markets. Global trade momentum remains steady, with rising container and passenger volumes, although some sectors, such as car sales and export orders for manufactured goods, are facing challenges. In a similar tone with OECD, UNCTAD's latest Global Trade Update stressed that global trade remains on track to reach an all-time high of nearly $33 trillion in 2024. This 3.3 percent year-on-year growth has been driven primarily by a 7 percent surge in trade in services, which contributed $500 billion to the expansion. Trade in goods grew more modestly at 2 percent, still falling short of its 2022 peak. Both sectors gained momentum in the third quarter, a trend likely to extend into the final months of the year.

As we approach the final trading days of the year, the Baltic Dry Indices reflect the tempered realities of 2024, a year marked by subdued performance compared to the highs of 2023. The fourth quarter, once a period of peak activity for dry bulk trades, was muted, with all market segments struggling to replicate last year's remarkable surge. The Capesize segment, which led the rally in 2023, saw its characteristic volatility replaced by stagnation. Peaking at $54,584 daily last December, the segment was buoyed by dwindling iron ore stocks at Chinese ports and a tonnage shortage in the Atlantic. This year, however, it failed to surpass $30,000 on any trading day in the fourth quarter, averaging a lukewarm $19,390 daily during the same period. Record-high iron ore inventories at Chinese ports – lingering above 150 million tonnes for most of the quarter – curbed any significant gains in the spot market.

Panamax values similarly struggled. Last year, elevated export activity from East Coast South America and robust Chinese coal demand propelled the Panamax market to a peak of $22,000 daily in early December. In stark contrast, the last three months of 2024 saw average earnings drop to circa $10,700 daily, as Brazilian grain shipments faltered and China's appetite for imported grains waned. Spot rates dipped below $10,000 daily for much of the quarter, highlighting the submarket's challenges. In the geared segment, Supramaxes recorded average earnings $2,000 below their year-ago levels, while Handysizes remained relatively stable, averaging $12,800 daily for the quarter.

In contrast, US equities soared to unprecedented heights in the fourth quarter, propelled by optimism surrounding President-elect Donald Trump's economic agenda. Despite the inherent risks of protectionist policies, Wall Street has embraced the promise of deregulation, tax reform, and infrastructure investment. The S&P 500 gained over 25 percent year-to-mid-December, while the Nasdaq Composite surpassed the 20,000-point threshold for the first time. The S&P 500 notched more than 50 all-time closing highs, while the Dow Jones Industrial Average and Nasdaq 100 were not far behind.



Source: Nasdaq, Doric Research

In mid-December, global shipping and financial markets have been intently focused on central bank meetings, as policymakers from major economies revealed their strategies for future monetary policy. These decisions carry far-reaching implications for global economic growth and interest rate trajectories, with notable effects on trade and the shipping industry. Key announcements from the US Federal Reserve (Fed), Bank of England (BoE), European Central Bank (ECB), Bank of Japan (BoJ), and People's Bank of China (PBoC) showcased varying strategies to address inflationary pressures, slowing economic activity, and external uncertainties.

In Europe, the ECB took a measured step by reducing its interest rates by 25 basis points to 3 percent, marking its fourth rate cut since June. This adjustment comes as the Eurozone grapples with declining growth prospects, with GDP projections for 2025 downgraded from 1.3 percent to 1.1 percent. ECB President Christine Lagarde highlighted that some policymakers advocated for a steeper 50 basis-point cut; however, the final decision to implement a smaller reduction was unanimous. Meanwhile, the Bank of Canada (BoC) reduced its policy rate by 50 basis points to 3.25 percent, marking its fifth cut this year. The move aims to mitigate rising unemployment and a weakening economy, compounded by uncertainties over US president-elect Donald Trump's proposed 25 percent tariffs on Canadian imports. Governor Tiff Macklem acknowledged the potential disruption from such trade policies but reiterated the bank's commitment to a data-driven framework for future rate decisions. In the Asia-Pacific region, the Reserve Bank of Australia (RBA) maintained its cash rate at 4.35 percent but softened its previously hawkish tone. The central bank omitted earlier references to restrictive policies, citing unexpectedly weak economic activity in November.

In the United States, the Federal Reserve executed another interest rate cut but signaled a more deliberate pace for future adjustments. The Federal Open Market Committee (FOMC) reported that the US economy continues to grow "at a solid pace," supported by low unemployment and relatively high inflation. The Fed now forecasts only two quarter-point rate cuts by the end of 2025, reflecting a more restrained approach to monetary easing. Across the Atlantic, the Bank of England kept its benchmark interest rate unchanged at 4.75 percent, despite acknowledging a dimmer economic outlook. Persistent inflation, fueled by rising wages and cost pressures, remains a significant obstacle to rate cuts. The Monetary Policy Committee's six-to-three vote to maintain current rates reflects the bank's cautious approach, with Governor Andrew Bailey emphasizing the uncertainty surrounding future monetary policy.

In Japan, the BoJ held its benchmark interest rate steady at 0.25 percent, reflecting its commitment to an ultra-accommodative monetary stance. Governor Kazuo Ueda emphasized the need for patience, citing uncertainties in global economic conditions and domestic price movements. The yen and bond yields weakened following the announcement, underscoring market skepticism about near-term rate hikes. China, meanwhile, kept its benchmark lending rates unchanged in December, aligning with market expectations. The one-year loan prime rate remained at 3.10 percent, while the five-year rate held at 3.60 percent. Persistent deflationary pressures and subdued credit demand underline the need for further stimulus. However, narrowing interest margins, falling yields, and a weakening yuan limit the scope for immediate monetary easing. The Chinese government has signaled a shift toward a more proactive fiscal and monetary policy for 2025, marking the first easing of its stance in 14 years.

As the final trading days of the year unfold, the Baltic Dry Indices continue to grapple with persistent headwinds. Unlike the fourth-quarter rally seen last year, dry bulk trades in 2024 are concluding at subdued levels across all segments. The Capesize segment, which has shed $20,000 in daily earnings over the past three months, closed the quarter at a uninspiring $9,516 per day. This decline was primarily attributed to elevated iron ore stockpiles at Chinese ports and the absence of impactful stimulus measures from Beijing. Similarly, the Panamax market faced downward pressure, slipping into four-digit territory at $8,888 daily by the year's end, as export activity in key regions such as East Coast South America and the Black Sea remained lackluster. The geared segments, too, reflected this subdued sentiment, with the Supramax and Handysize indices dropping significantly over the last quarter. By the close of December, the BSI TCA and BHSI TCA stood at $11,671 and $10,242 daily, respectively, underscoring the cautious outlook that has defined the final stretch of the year.

Curtain Falls On 2024

As the year 2024 comes to an end, global market sentiment remains steady yet noticeably more guarded compared to the optimism seen at the start of the year. Earlier this quarter, the International Monetary Fund (IMF) downgraded its global growth projection for 2025, attributing the revision to “mounting vulnerabilities.” While the significant decline in global inflation marks a noteworthy achievement, the economic outlook is now overshadowed by a predominance of downside risks. Similarly, the Organisation for Economic Co-operation and Development (OECD) acknowledged the global economy’s ability to endure major disruptions, such as the Covid-19 pandemic and the energy crisis, over the past few years. This resilience, the OECD suggests, will likely continue into 2025 and 2026, albeit with uneven effects across regions and countries. Both institutions underscored the pressing need to address escalating challenges, including intensifying trade disputes, persistently tight monetary policies, geopolitical tensions, a more pronounced slowdown in China’s economic growth, and fiscal strains in several economies — all of which pose significant threats to global stability.

Investment banks have painted a mixed picture for 2025, reflecting the complexities of the current environment. Goldman Sachs Research anticipates another year of robust global economic growth, driven in large part by stronger-than-expected performance in the United States, supported by resilient domestic demand. However, they project slower growth in China, as government-led stimulus measures are expected to only partially mitigate the effects of potential new tariffs from the United States. Meanwhile, India is forecasted to sustain solid economic momentum, although a temporary deceleration may occur due to moderating government expenditure and a slowdown in credit expansion. On the other hand, Deutsche Bank predicts moderate global growth in 2025, with the United States, Eurozone, and China all expanding at rates well below their recent historical averages. Taking a more optimistic view, Citi Research suggests that the global economy will defy traditional cycles and sustain consistent growth through 2025 and 2026, despite ongoing geopolitical tensions.

Global trade in 2024 reflected a blend of resilience and shifting patterns. Data from the United Nations Conference on Trade and Development (UNCTAD) revealed that during the first half of the year, developing economies outpaced developed nations in trade growth. However, this trend reversed in the third quarter as developed economies became the primary drivers of expansion, while East Asian trade activity stalled, and several major Asian economies registered negative growth. Looking toward 2025, UNCTAD forecasts a continuation of positive trade momentum in the early months, bolstered by easing inflationary pressures, steady economic growth projections, and improved business activity. Yet, this optimism is tempered by the risk of renewed or expanded trade wars and persistent geopolitical uncertainty. The World Trade Organization (WTO) added a more cautious note, reporting that global merchandise trade saw modest growth during the first half of 2024, which is expected to continue into 2025.

In summary, 2025 presents a challenging yet pivotal moment for the global economy and international trade. While the resilience exhibited in recent years provides a basis for cautious optimism, the landscape is fraught with considerable risks. Geopolitical instability, evolving trade policies, and potential macroeconomic shocks remain key obstacles to sustained growth. The path forward will hinge on how effectively major economies navigate these challenges. For the United States, maintaining control over inflation remains a critical priority, while China faces mounting pressure to implement meaningful stimulus measures to stabilize its economy and foster growth. Entering the new year, the dry bulk sector adopts a notably more restrained tone compared to 2024. Rising uncertainties surrounding the durability of inflation control in the United States and the efficacy of China’s economic interventions underscore the delicate and unpredictable balance the global economy will need to navigate in 2025.

May your sails have fair winds in 2025!

The reported fixtures and S&P deals are obtained from market sources.