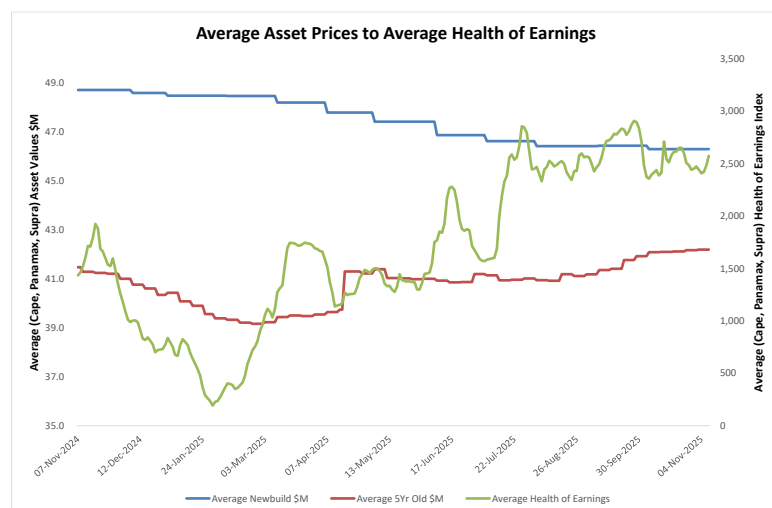


Baltic Dry Bulk Investor Indices 3Q25

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Dry Bulk: 3Q Beat Expectations, Stable Outlook, but Precarious

Dry bulk freight rates had a rather depressing first half of 2025, with our August 2Q25 update reaffirming that this looked set to continue. There was deflation in China, geopolitical uncertainty, a substantial 2026-2027 dry bulk vessel orderbook, and a pessimistic FFA market. However, 3Q and 4Q freight rates have been better than anticipated, supported by tonne-mile expansion for iron ore and grains to China. Dry bulk second-hand asset values have stabilised and improved. That said, freight rates may be influenced by transitory factors, such as tonne-mile expansion generated by the US-China trade conflict. As a result, we advise caution.



The above graph shows the trailing 12-month average newbuild prices, 5-year-old prices and average Baltic Investor Indices Health of Earnings (HEI) ¹ for Capesize, Panamax and Supramax vessels. Over 1Q25, the HEI was weak and 5-year-old asset values dropped. However, from 2Q through today, the HEI has improved and 5-year-old asset values have recovered.²

On a cautious note, average newbuild prices have dropped a modest 5% over the same period. This is “broad-brush” but if there was faith in the long-term fundamentals of the dry bulk market, we posit that newbuild prices, given that they would be delivered 2 plus years hence, would at least have remained stable.

¹ Baltic Exchange data: The average health of earnings of Cape(CDHEI), Panamax (PDHEI) and Supramx (SDHEI), does not include Handysize bulkers. Health of earnings is an index representing the ratio of earnings against running cost. A negative number indicates that earnings are below operating costs.

² Baltic Exchange Investor Indices, the HEI and 5-year-old asset values have a 12-month positive correlation of 0.69x.

Dry Bulk Demand Positives, Some Geopolitically Driven

China's iron ore inventories are at the higher end of the five-year average, albeit still below 2024 levels to date. In 3Q25, China has accelerated its iron ore imports, with a record coming from Brazil, supporting tonne-mile demand.³ While the data is not yet in, the Simandou iron ore project in Guinea coming online over the second half of 2025 could be rather supportive of freight rates. The project has an anticipated production of 120 million tonnes per annum, which is equivalent to approximately 650 Capesize loads per year, further extending dry bulk tonne-mile demand to China. However, while China has been experiencing deflation for 10 quarters, some of the recent stockpiling of iron ore may be attributed to the US/China trade tensions and not underlying demand.



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China's imports of grains from South America, predominantly Brazil, have been at record levels over the second half of 2025. This demand accelerated over the summer and was particularly supportive of Panamax/Kamsarmax freight rates. Much of the grain tonne-mile demand expansion has been attributed to China halting US liftings during trade negotiations and this appears to already be changing. At the end of October after the Trump/Xi meeting, China agreed to import 12 million tonnes from the United States for the remainder of 2025 and 25 million tonnes per annum in the coming years (similar to historical levels). This should put a damper on the grain trade tonne-mile demand expansion.

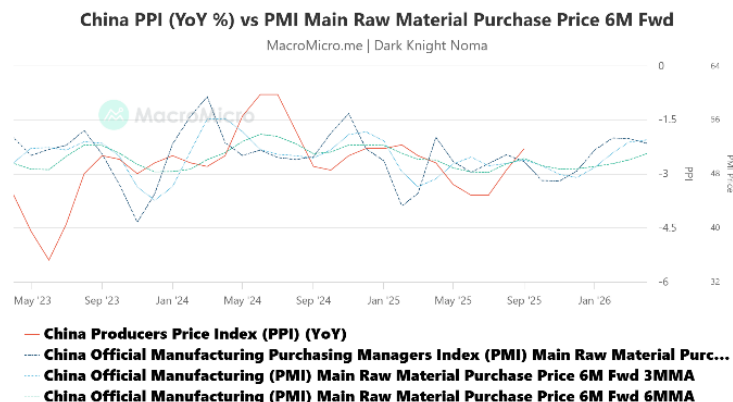
China Deflation Remains Concern

China has a \$19 trillion dollar economy and is the world's largest dry bulk importer. Deflation can be harder to combat and more gangeros to an economy than inflation. China's economy is battling "involution" denoting economic stagnation despite intensifying effort. On the positive side, while we have seen only sparse data of late, deflation in China appears to have slowed in recent months, but

³ Genco Shipping and Trading investor presentation 6NOV25

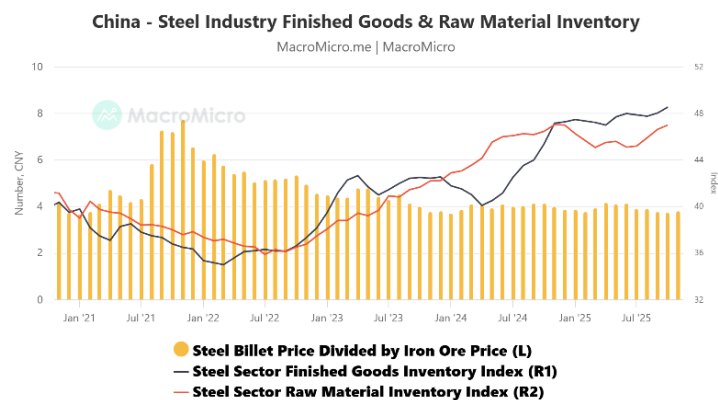
⁴ Dalian Commodity Exchange, MacroMicro.me

the producer price index (see below table) is still negative and the trend indicates it will stay there into next year.



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According to the World Bank, global consumption accounts for roughly 75% of gross domestic product (GDP), with the remaining 25% driven by investment. In China, consumption is only 54% of GDP, while investment, substantially government directed and supported, accounts for 46%.⁶ Well before the “trade war”, China’s export-heavy economy had been experiencing consumer and producer price deflation, with too many competitors chasing the same sale, resulting in continued deflation. Should China not be able to stem deflation via successful trade agreements, tax policy, interest rate policy and other fiscal stimulus, this would not be good for the dry bulk markets or the welfare of the global economy. Extended US tariffs on China can exacerbate these already challenging conditions.



China Steel Inventories trending up since 2022, with prices trending down. ⁷

Supply: Ordering has Slowed But Ample Supply coming 2026-27

According to Clarksons Research, 25% of the dry bulk fleet is 15 years or older and by 2030, 30% of the fleet will be 20 years or older, effectively not competitive with quality charterers. the current dry bulk fleet on order is just under 11% of the existing fleet. While these points are bullish for the long

⁵ China Bureau of Labor Statistics, MacroMicro.me

⁶ World Bank and Carnegie Endowment for International Peace

⁷ China Steel Logistics Professional Committee, MacroMicro.me

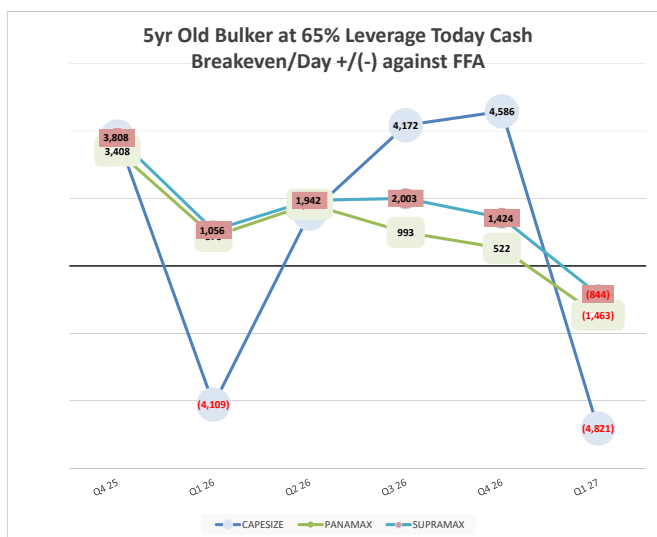
term, significant newbuild orders are due with 8.3% of existing fleet capacity to be added by the end of 2027, indicating net fleet growth to be possibly above 3% over the next two years against anticipated annual global demand growth of just below 2%. Not to be bearish, but the near-term supply outlook for dry bulk fleet supply is not bullish for freight rates.

Stable Asset Value Outlook

In our last quarterly update, 5-year-old dry bulk asset values were not justified by existing and FFA indicated freight rates. This has changed with better than expected freight rates over the last quarter and a stronger FFA outlook now justifying second-hand vessel prices.

We regularly look at cash breakeven/day which is debt service plus OPEX and G&A. We assume the purchase of 5-year-old bulker levered at 65% leverage, a margin of 3% over SOFR and a 17-year loan profile. If one assumes the purchase of a 5-year-old bulker today⁸, the FFA market indicates that the next 12 months will be cashflow positive at today's asset values, as shown below. That said, with the deliveries due next year and changes to demand driven by deflation in China and trade negotiations impacting tonne-mile demand, freight rates may have sustained periods of weakness. While the FFA market shows hope, the same market completely missed the better freight rates of the last three months.

CAPESIZE BREAK-EVEN SENSITIVITY TO SOFR AND CURRENT FFA RATES									
+/- Cash Breakeven/Day		SOFR							
		4.50%	4.25%	3.91%	3.50%	3.25%	3.00%		
FFA	Q4 25	25,150	3,202	3,472	3,840	4,283	4,554	4,824	
	Q1 26	17,201	(4,747)	(4,477)	(4,109)	(3,666)	(3,395)	(3,125)	
	Q2 26	22,861	913	1,183	1,551	1,994	2,265	2,535	
	Q3 26	25,482	3,534	3,804	4,172	4,615	4,886	5,156	
	Q4 26	25,896	3,948	4,218	4,586	5,029	5,300	5,570	
	Q1 27	16,489	(5,459)	(5,189)	(4,821)	(4,378)	(4,107)	(3,837)	
				5,219					
PANAMAX BREAK-EVEN SENSITIVITY TO SOFR AND CURRENT FFA RATES									
+/- Cash Breakeven/Day		SOFR							
		4.50%	4.25%	3.91%	3.50%	3.25%	3.00%		
FFA	Q4 25	17,056	3,077	3,217	3,408	3,639	3,779	3,919	
	Q1 26	14,524	545	685	876	1,107	1,247	1,387	
	Q2 26	15,479	1,500	1,640	1,831	2,062	2,202	2,342	
	Q3 26	14,641	662	802	993	1,224	1,364	1,504	
	Q4 26	14,170	191	331	522	753	893	1,033	
	Q1 27	12,185	(1,794)	(1,654)	(1,463)	(1,232)	(1,092)	(952)	
SUPRAMAX BREAK-EVEN SENSITIVITY TO SOFR AND CURRENT FFA RATES									
+/- Cash Breakeven/Day		SOFR							
		4.50%	4.25%	3.91%	3.50%	3.25%	3.00%		
FFA	Q4 25	17,200	3,486	3,623	3,808	4,032	4,168	4,305	
	Q1 26	14,448	734	871	1,056	1,280	1,416	1,553	
	Q2 26	15,334	1,620	1,757	1,942	2,166	2,302	2,439	
	Q3 26	15,395	1,681	1,818	2,003	2,227	2,363	2,500	
	Q4 26	14,816	1,102	1,239	1,424	1,648	1,784	1,921	
	Q1 27	12,548	(1,166)	(1,029)	(844)	(620)	(484)	(347)	



⁸ First year breakeven average per day assumed. Asset values and OPEX are per the published Baltic Investor Indices. Capesize asset value utilized is \$62.6M, Panamax is \$32.5M and Supramax is \$31.6M.