As the Hellenic Shipbrokers Association reconvenes for its summer dinner, the atmosphere is more restrained than it was two years ago – not because the market is weaker, but because it remains directionless. In July 2023, spot market levels were at notably lower levels. The Baltic Dry Index was struggling around 1,000 points, Capesize earnings were languishing below $10,000 per day, and the Atlantic was particularly soft across all segments. The market stayed under pressure through much of the summer before staging an impressive and broad-based recovery in the final quarter of the year. That rally, driven by surging iron ore volumes, robust coal demand, and a late-season grain push, pushed sentiment higher and brought a much-needed repricing across the board.

Now in June 2025, the market is performing modestly better on paper, but it feels more stable than dynamic. The BDI has mostly hovered in the 1,400–1,600 range throughout the second quarter, showing resilience but lacking momentum. Capesize averages are around $15,000 per day – an improvement from the mid-2023 doldrums, though still well below the highs of last year's third quarter. Panamax rates now stand at $13,000 per day, considerably lower year-on-year. Supramaxes and Handies have held around $12,000 and $10,000 per day, respectively, for much of the second quarter, both trailing last year's levels for the same period. While the market is clearly in firmer territory than two years ago, the absence of a strong catalyst has tempered expectations. There is little in the current trading pattern to suggest the kind of dynamic rally witnessed in late 2023.

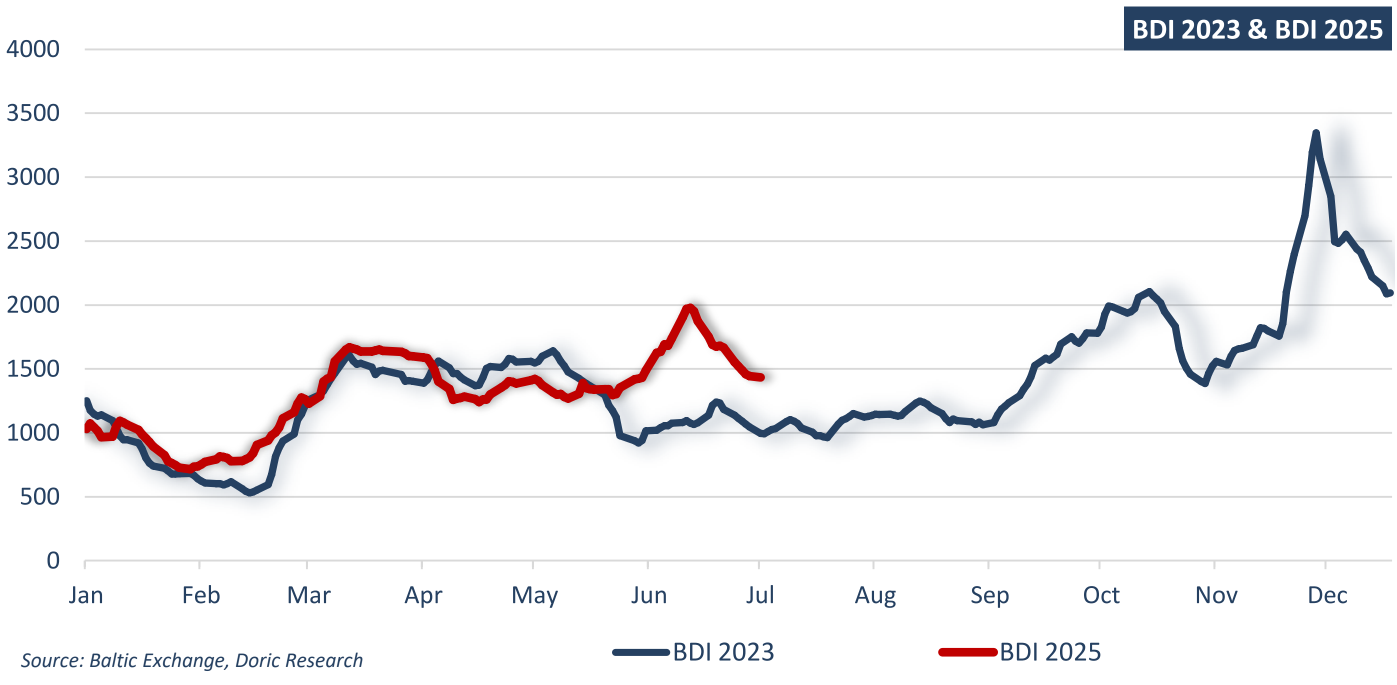
The macroeconomic landscape has also shifted. Back in 2023, global economy was coming off the tail end of aggressive monetary tightening, with inflation finally easing and central banks signalling a potential policy pivot. Global GDP growth was forecast around 2.9 percent, and the outlook for global trade was improving. Seaborne bulk volumes were beginning to recover, and the promise of a Chinese stimulus package was enough to inject some optimism into shipping markets. When Beijing delivered targeted infrastructure support and looser credit conditions in the second half, the dry bulk market responded swiftly. Today, although global growth is still expected to reach about 3 percent in 2025, the tone is more cautious. The U.S. remains solid, but the Eurozone is burdened by structural stagnation and sticky inflation, and Japan's recovery has lost momentum. In China, there is no imminent collapse, but neither is there a convincing rebound. The real estate sector remains subdued, and while industrial output has shown occasional strength, there has been no repeat of last year's steel-led surge in raw material demand – quite the opposite in fact. Policy support remains fragmented, and without a unified push, dry bulk flows remain uneven.

Inflation, while off its peaks, continues to complicate the macro picture. The U.S. Federal Reserve remains cautious, and the ECB is still contending with above-target inflation. While shipping markets had benefited in late 2023 from looser financial conditions and buoyant commodity markets, those tailwinds are now largely absent. Investment appetite has cooled, and while the forward orderbook has not ballooned, limited scrapping and modest deliveries have added tonnage at the margins. Supply-side pressures are contained, but so is demand growth. This creates a market environment that is stable but unspectacular – trading above 2023 summer lows, yet lacking conviction.

From a trade perspective, the tonne-mile story remains mixed. Indian demand continues to expand, and South American grain loadings have shown meaningful improvement lately. However, activity on the staple grain trades during the first quarter was anything but encouraging. Iron ore volumes to China have underperformed expectations so far this year. In spite of the June uptick, overall activity remains considerably down year-on-year. Coal flows – both thermal and metallurgical – have faced strong headwinds, with Chinese appetite proving notably restrictive. The net effect is a market that continues to move, but without acceleration.

With this as the backdrop, the dry bulk market enters the summer season not in a bad position, but without a clear positive narrative. There is potential for improvement, but visibility is low. Overall sentiment remains cautious. Owners, though encouraged that current levels exceed those of 2023, are acutely aware that earnings are not strong enough to sustain widespread optimism. Forward freight curves are flat, and hopes for a fourth-quarter-style rally feel more distant than they did at this point two years ago. Global economic prospects are weakening, with substantial barriers to trade, tighter financial conditions, diminishing confidence, and heightened policy uncertainty all projected to weigh on growth, according to the OECD's latest Economic Outlook.

As the industry gathers this week, the contrast between then and now lies not in spot levels alone, but in the sense of momentum – or the lack thereof. June 2025 may be technically better than June 2023, but the excitement and conviction that came with the second half of a couple of years ago have yet to reappear. The market is in a holding pattern, shaped more by what might come than by what is currently unfolding. In that sense, this year's dinner takes place in an atmosphere of cautious realism, with eyes on the horizon and minds on the long game.



Source: Baltic Exchange, Doric Research

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

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