MOON SHINE GROUP

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WEEKLY INTELLIGENCE REPORT

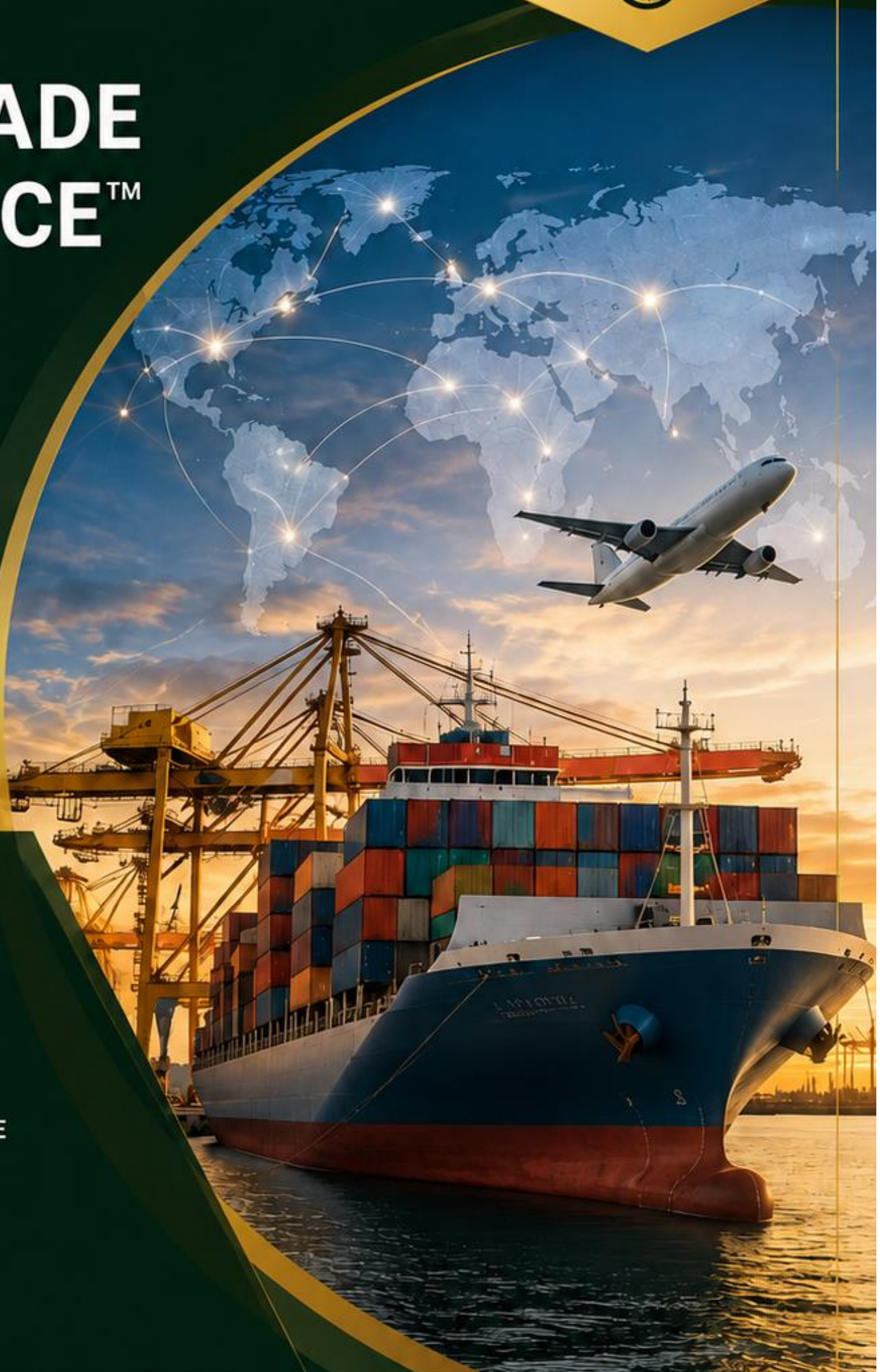
GLOBAL TRADE INTELLIGENCE™

ISSUE NO.

LATEST

WEEKLY REPORT
EVERY MONDAY

COVERAGE
CHINA • INDIA • MIDDLE EAST • AFRICA



THIS WEEK'S HIGHLIGHTS

- STRAIT OF HORMUZ UPDATE
- RED SEA SECURITY
- STEEL MARKET OVERVIEW
- ALUMINIUM MARKET TRENDS
- FREIGHT & SHIPPING INTELLIGENCE
- COMMODITY PRICE DASHBOARD
- GCC PROJECTS & TENDERS
- BUSINESS OPPORTUNITIES

PAGES	SIZE	PUBLICATION	GLOBAL
32	5.4 MB	WEEKLY	PERSPECTIVE

MOON SHINE GLOBAL TRADE INTELLIGENCE™
WEEKLY SHIPPING INTELLIGENCE REPORT

China → Middle East | India → Middle East
Reporting Date: 7 September 2026
Market Window: 31 August – 6 September 2026

1. EXECUTIVE VIEW

MARKET STATUS: ⚫ EXTREME VOLATILITY

The Middle East shipping environment deteriorated materially during the week.

The **Strait of Hormuz recorded its lowest average commodity-vessel traffic since May**, with only around **10 commodity ships per day over the latest 10-day period**. Individual daily movements were substantially below normal levels, including only four commodity vessels on 4 September.

The deterioration followed renewed U.S.–Iran attacks involving commercial and oil tankers, increasing the perceived risk to vessels operating in and around the Strait.

At the same time:

- Brent crude moved toward **US$97/bbl** at the beginning of this week.
- Brent gained approximately **7.6% during the previous week**.
- Marine fuel costs are becoming an additional logistics risk.
- Global fuel-oil stocks at major bunkering hubs are reportedly around **30% below seasonal norms**.
- Singapore VLSFO prices have risen approximately **76% since the beginning of the Iran conflict**.
- OPEC+ maintained its October production policy unchanged.

For Moon Shine customers, this means the market has moved beyond a normal freight-rate problem.

The principal commercial risk is now shipment reliability + routing availability + landed-cost uncertainty.

Moon Shine Assessment

For steel, aluminium, pipes, hardware and construction-material cargoes:

Do not evaluate China vs India sourcing only on FOB price. Evaluate total landed cost, route risk and delivery reliability together.

2. STRAIT OF HORMUZ — RISK HAS ESCALATED

Verified Fact

Shipping activity through Hormuz has fallen sharply.

Reuters/Kpler data indicated:

- Approximately **10 commodity vessels/day average over the latest 10 days**.
- Only **4 commodity vessels** crossed on Thursday, 4 September.
- This compares with a 10-day average of approximately **15 vessels/day**.
- No VLCCs had exited the Strait since the preceding Wednesday at the time of the latest report.

The decline followed renewed U.S. and Iranian strikes involving tankers.

Market Indication

Shipowners are increasingly treating the area as a **high-risk operating environment**, rather than merely a temporary congestion problem.

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For Middle East importers, the practical consequences are:

1. More cautious vessel deployment.
2. Greater probability of delays.
3. Higher insurance/risk premiums.
4. Greater bunker exposure.
5. Potential equipment imbalance.
6. Greater uncertainty around ETA commitments.

Hormuz should now be treated as a procurement variable.

3. RED SEA / BAB EL-MANDEB — STILL NOT A NORMAL ALTERNATIVE

The Red Sea cannot automatically be treated as a clean substitute for Hormuz.

On 4 September, Bab el-Mandeb traffic was also below its recent average:

- Approximately **22 vessels observed**
- Versus a 10-day average of approximately **24 vessels**

The wider regional security environment remains unstable.

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The commercial decision is therefore not simply:

Hormuz vs Red Sea

It is increasingly:

Which combination of origin + vessel + route + transshipment + insurance provides the lowest total delivered risk?

This strengthens the case for **dual-origin procurement and flexible routing**.

4. CHINA SUPPLY & EXPORT ENVIRONMENT

Manufacturing

China's August manufacturing activity improved.

The S&P Global/RatingDog China General Manufacturing PMI rose to **51.5 in August from 50.9 in July**, with stronger output, new orders and export orders.

Export orders recorded their strongest increase in six months.

However, domestic demand remains comparatively weak and manufacturers continue to face competitive pricing pressure.

Energy / Industrial Implication

China's seaborne crude imports in August averaged approximately **7.14 million bpd**, up from 6.93 million bpd in July but still around **40% below the pre-conflict level of 11.41 million bpd**.

At the same time, refined-product exports increased.

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China's industrial export machine remains active.

For Middle East buyers this means:

- Chinese suppliers remain commercially competitive.
- Export availability is not the primary problem.
- **Logistics and landed cost are becoming the bigger constraint.**
- Lower domestic demand can encourage aggressive export pricing in selected product categories.

This is particularly relevant for **steel, fabricated products, hardware and construction materials**.

5. INDIA SUPPLY & EXPORT ENVIRONMENT

India continues to demonstrate resilience despite the Middle East disruption.

The latest available official merchandise-trade data showed July 2026 merchandise exports of approximately **US$44.24 billion**, with engineering goods exports reaching **US$12.24 billion**, up approximately **17.7% YoY**.

Earlier government data also showed strong exports to the Middle East.

India Steel

The Ministry of Steel reported:

Indicator	Aug 2026	YoY
Crude Steel	14.1 Mt	-0.1%
Finished Steel	13.5 Mt	+0.3%
Apr–Aug Crude Steel	70.3 Mt	+1.8%
Apr–Aug Finished Steel	68.1 Mt	+3.8%

SAIL separately reported August crude-steel production of **1.68 Mt**, up **8% YoY**, with sales up approximately **13% YoY**.

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India remains a credible alternative sourcing base.

The important point is not that India will replace China.

Rather:
India provides an additional supply option at a time when Middle East buyers increasingly value supply diversification.

6. FREIGHT & BUNKER COST PRESSURE

This week's major cost development is the widening impact of fuel.

Reuters reported a potential **218,000 bpd third-quarter fuel-oil deficit**, compared with only a marginal shortfall one year earlier.

Major bunker hubs are reportedly carrying inventories around **30% below seasonal norms**.

Singapore VLSFO prices have risen approximately **76% since the beginning of the Iran conflict**.

Commercial implication

Higher bunker costs can feed into:

- Ocean freight
- Bunker adjustment factors
- Emergency fuel surcharges
- Inland transport
- Transhipment costs
- Supplier delivered pricing
- Final landed cost

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Even where a headline freight quotation appears unchanged, **the underlying logistics cost can still increase through fuel and risk-related components**.

Therefore:
Do not compare freight quotations without comparing the surcharge structure and validity period.

7. PORT & ROUTING IMPACT

Alternative routing is already changing regional trade flows.

Jordan's Aqaba Container Terminal recorded a **155.1% increase in transit cargo during H1 2026**, largely because cargo traditionally moving through southern Gulf ports toward Iraq was being rerouted through Aqaba.

This demonstrates an important structural development:

Cargo is beginning to reorganize around available logistics corridors.

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For Middle East customers, alternative gateway planning should include:

- Jebel Ali
- Fujairah
- Aqaba
- Sohar
- Salalah
- Dammam / Saudi gateways
- Indian West Coast gateways
- Direct-vessel versus transhipment alternatives

The best route may change from shipment to shipment.

8. CHINA → MIDDLE EAST: COMMERCIAL OUTLOOK

Current position
Supply: □ Strong
Factory availability: □ Generally stable
Export competitiveness: □ Attractive
Ocean logistics: ◍ High risk
Route reliability: ◍ Weak
Landed-cost predictability: ◍ Weak

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China remains highly competitive at the **supplier level**, but that advantage can be diluted by:
- Freight escalation
- Risk surcharges
- Longer transit
- Port disruption

- Equipment availability
- Insurance
- Fuel costs

Therefore, China-origin procurement should increasingly be quoted on a **landed-cost basis**.

9. INDIA → MIDDLE EAST: COMMERCIAL OUTLOOK

Current position

Industrial supply: □ Stable
Steel production: □ Positive
Engineering exports: □ Strong
Middle East export capability: □ Established
Ocean logistics: □/◍ Elevated risk
Diversification value: □ High

India's continued export resilience creates a useful second sourcing channel for Middle East customers.

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For selected steel and engineering products, customers should request:
China-origin offer + India-origin offer
on the same enquiry.

The decision should then be made using:
Material + Freight + Surcharges + Transit + Risk + Delivery reliability
rather than material price alone.

10. MOON SHINE COMMERCIAL IMPLICATIONS & RECOMMENDATIONS

A. Use dual-origin sourcing

For strategic products:

China + India
should be maintained as parallel sourcing options wherever technically and commercially feasible.

B. Shorten quotation validity

During high volatility, suppliers should not automatically be asked to maintain long freight-inclusive quotations.

Recommended commercial discipline:

- Confirm freight validity.
- Confirm surcharge validity.
- Confirm booking conditions.
- Confirm transit.
- Confirm free-time conditions.

C. Separate FOB price from logistics risk

A supplier offering the lowest FOB price may not provide the lowest landed cost.
Use:

Landed Cost = Product Cost + Ocean Freight + Surcharges + Insurance + Port/Handling + Inland Cost

D. Avoid overcommitting to one routing option

For urgent cargo, request alternative routing before final purchase confirmation.

E. Prioritise shipment flexibility

Where possible:

- Split large orders.
- Use multiple shipment windows.
- Avoid unnecessary concentration in one vessel.
- Consider bulk/project cargo where economically justified.
- Maintain alternative origin options.

11. COMMERCIAL ACTION PLAN

Priority	Action	Timing
Critical	Revalidate all China–Middle East freight quotations	Immediate
Critical	Check surcharge exposure before confirming orders	Immediate
Critical	Confirm vessel routing and transit before shipment	Every booking
High	Obtain India alternative pricing for major steel enquiries	This week
High	Review open purchase orders for route exposure	This week
High	Compare container vs bulk economics for large steel lots	Case-by-case
Strategic	Build China + India dual-origin supplier panels	Ongoing
Strategic	Develop alternative Middle East gateway options	Ongoing

12. OPPORTUNITY RADAR

Opportunity 1 — India as a second sourcing base
Strong engineering exports and stable steel production strengthen India's position as an alternative origin.
Opportunity 2 — China export pricing
Soft domestic demand combined with stronger export activity can create attractive supplier pricing in selected product categories.
Opportunity 3 — Bulk steel logistics
For sufficiently large HR Coil, plate or structural-steel requirements, bulk/project shipping should be compared with container freight.
Opportunity 4 — Alternative gateways
Aqaba and other alternative corridors demonstrate that cargo flows can rapidly reorganize when conventional Gulf routes are disrupted.

Risk Opportunity
Customers who lock material plus freight too early may lose flexibility.
Commercial flexibility itself has value in the current market.

13. BOTTOM LINE

Indicator	Status	Moon Shine View
Hormuz	Extreme	Major disruption risk
Bab el-Mandeb	High	Not a fully normal alternative
China supply	Strong	Procurement opportunity
India supply	Strong	Diversification opportunity
Ocean freight	Volatile	Revalidate frequently
Bunker cost	Rising	Landed-cost pressure
Port reliability	Uncertain	Route flexibility required
Steel availability	Stable	Procurement continuity
Landed-cost visibility	Low	Quote on total-cost basis

Indicator	Status	Moon Shine View
Procurement strategy	Change required	Dual-origin recommended

14. MOON SHINE INTELLIGENCE VIEW

ROUTE FLEXIBILITY IS NOW A PROCUREMENT ADVANTAGE
The latest week's developments indicate that the Middle East shipping market has entered another phase of heightened disruption.

The critical change is that the problem is no longer limited to **freight rates**.

It now combines:

Security risk + vessel availability + routing + bunker cost + insurance + port reliability + delivery uncertainty.

For Moon Shine customers, the most resilient procurement model is therefore:
SOURCE FLEXIBILITY
China + India

ROUTE FLEXIBILITY
Multiple gateway/routing options

COMMERCIAL FLEXIBILITY
Shorter freight validity + surcharge transparency

CARGO FLEXIBILITY
Container vs bulk evaluation for large steel volumes

DECISION PRINCIPLE
Lowest landed cost + acceptable delivery risk

15. SOURCES

Primary / reference sources used for this week's intelligence:

- Reuters — Strait of Hormuz shipping traffic
- Reuters — U.S.–Iran maritime developments
- Reuters — Oil and bunker-market developments
- Reuters — China crude imports and refined-product exports
- Reuters — China manufacturing PMI
- Government of India / Ministry of Steel — August 2026 steel production
- Government of India / Ministry of Commerce — Merchandise trade data
- PIB — SAIL August 2026 production and sales
- Freightos — Global freight-market intelligence
- Kpler shipping-flow data as reported by Reuters

Classification:

Verified Fact = directly reported by authoritative/public sources.
Market Indication = observed market signal or industry data.
Moon Shine Assessment = commercial interpretation for sourcing and logistics decisions.
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