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ANALYST

To Dinh Hien Vien

viento@phs.vn

Persian Gulf Conflict: Common Origin, Divergent Paths

- Escalating geopolitical tensions in Iran and the closure of the Strait of Hormuz have disrupted shipping activities across the board.
- Against the backdrop of rising tensions in the Middle East, we maintain a **POSITIVE** view on the crude tanker segment, primarily supported by freight rates surging to record highs, which should more than offset the increase in bunker fuel costs. In addition, oil transportation demand for essential economic needs is expected to remain robust amid ongoing supply disruptions. Meanwhile, we hold a **NEUTRAL** view on the container shipping and port sectors, as higher oil prices are likely to weaken global consumer demand, while persistent oversupply continues to weigh on container shipping and port operations.
- We reiterate our **BUY** recommendation on **GMD**, supported by its favorable medium-term outlook and an attractive valuation for accumulation. We also maintain **OVERWEIGHT** recommendations on **HAH and PVT**, respectively, mainly because current valuations have already priced in a substantial portion of the companies' growth potential.

Geopolitical tensions in Iran

On February 28, 2026, the United States officially launched a military campaign against Iran on the grounds of preventing the country's nuclear weapons development program, with the initial move reportedly targeting senior Iranian leadership. On the same day, Iran's Islamic Revolutionary Guard Corps (IRGC) issued a radio warning prohibiting vessels from transiting the Strait of Hormuz. As of now, vessel traffic through the Strait of Hormuz has dropped to zero. The sharp decline in transit has been driven primarily by aerial security risks, including missiles and UAVs, prompting many shipping operators to temporarily avoid the area.

These developments have heightened concerns over potential disruptions to global energy flows, given that the Strait of Hormuz serves as a transit route for roughly one-fifth of the world's seaborne oil trade. In the event that traffic through Hormuz remains restricted, part of the volume could be rerouted through alternative pipeline systems; however, the transport capacity of these routes remains limited.

Against this backdrop, tanker charter rates for large crude carriers (VLCCs) on Asia-bound routes have surged sharply, currently averaging around USD 362,000/day (+203% YoY), marking the highest level in approximately the past five years. This reflects a substantial increase in insurance costs as well as growing caution among shipowners amid escalating geopolitical risks in the region. As a result, these developments have contributed to a positive sentiment spillover for shipping stocks in recent weeks, similar to the market reaction seen during the Red Sea conflict in late 2023..