What is Chartering?

- Transactions between Ship and Cargo Owners
- Shipowner
  - Employment type and duration
  - Counter-party assessment
  - Prevailing market conditions…
- Charterer
  - Freighting of cargo
  - Vessel and Owner evaluation
  - Optimal freight execution considering the market…
And Shipbroking?

- The intermediation medium that consummates transactions.
- Shipbrokers are employed by shipowners and charterers respectively to undertake negotiations.
- Post fixture servicing and charter-party drafting
Chartering through the Ages to Present

• Transformation through the early days of commerce

• Baltic Exchange the former common denominator of chartering transactions.

• Efficient communications and chartering expertise dispersed across the globe
Shipbroking Role in the Chartering Domain
As Owners Representative

- Market the vessel to their contacts inviting offers (circular)
- Collect and evaluate cargo requirement workability for ship
- Calculate earnings – Net Time Charter Equivalent (TCE)
Shipbroking Role in the Chartering Domain
As Owners Representative

- Recommend / guide shipowner as to the pertinent potential employment
- Upon Shipowner’s decision evaluate standing/reliability of Charterer
- Initiate Negotiations
Shipbroking Role in the Chartering Domain
As Charterers Representative

- Market the Cargo
- Collect proposed ships & check their suitability in commercial and technical terms
- Screening of Owners / Vessels
- Calculate the cost of freight – Net Voyage Equivalent
- Initiate Negotiations
Shipbroking Role in the Chartering Domain – Negotiations

- Indication
- Firm Offer
- Counter Offer
- Fixing on subjects including details
- Recapitulation of Main Terms Fixture (Recap)
- Negotiation/Agreement of details
- Final Recap
Trends in the Field of Chartering

- **Voyage Chartering**
  - Single voyage & COA’s

- **Time Chartering (TC)**
  - Single trips and period charters
  - Profit Sharing Agreements
Trends in the Field of Chartering

• Role of operators
  – Booking cargoes (COA’s)
  – Service Traders for forward sales
  – Chartering-in ships on long period
  – Speculators or service providers?
  – Expertise and reputation paramount to their success
Trends in the Field of Chartering

• Derivatives (FFA’s)
  – Hedging or Speculation
  – Over-The-Counter or Cleared
  – “Paper Trading” relevance to the physical world
  – Psychology and the forward curve
Trends in the Field of Chartering

• Baltic Exchange Indices
  – Baltic Dry Index (BDI)
    • BCI / BPI / BSI / BHSI
  – Settlement of FFA’s
  – Chartering Tools (index linked) and challenges ahead
BDI CURVE 1985 TO PRESENT

2003 – 2008 THE SUPER CYCLE PEAKS

STARTS AT 1000 POINTS IN 1985

BDI YESTERDAY 08TH APRIL 2013 : 858

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Chartering the Human Touch

- Skills to be developed and nurtured
  - Information seeking: out of the box
  - Analytical: collate and analyze market data and trends
  - Relevant legal and regulatory developments: sharpening C/P technical proficiency
Chartering the Human Touch

• People Skills
  – Emotional Intelligence (EQ)
  – Communication & negotiating
  – Networking

• Reputation
  – Integrity: “Our word is our bond”

• A combination of Science and Art: the difference man makes to ship and cargo
From Desk to Ground

What they Don’t Teach You at Harvard Nor University of Piraeus …

Thanks for your Time & Attention!