Shipping Market Outlook

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18th Annual Marine Money | Greek Ship Finance Forum

Friday, 14 October 2016

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The sluggish movements of trade and the effects of deglobalisation.

2 **Fleet Supply**
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4 **Asset Prices**
Is there real opportunities out there or are prices just reflecting a poor market outlook.

5 **Summary / Conclusion**
Summing it all up.

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01

Global Economic Growth & Trade

01 Global economic growth & its effects on trade

02 Iron ore trade

03 Coal trade

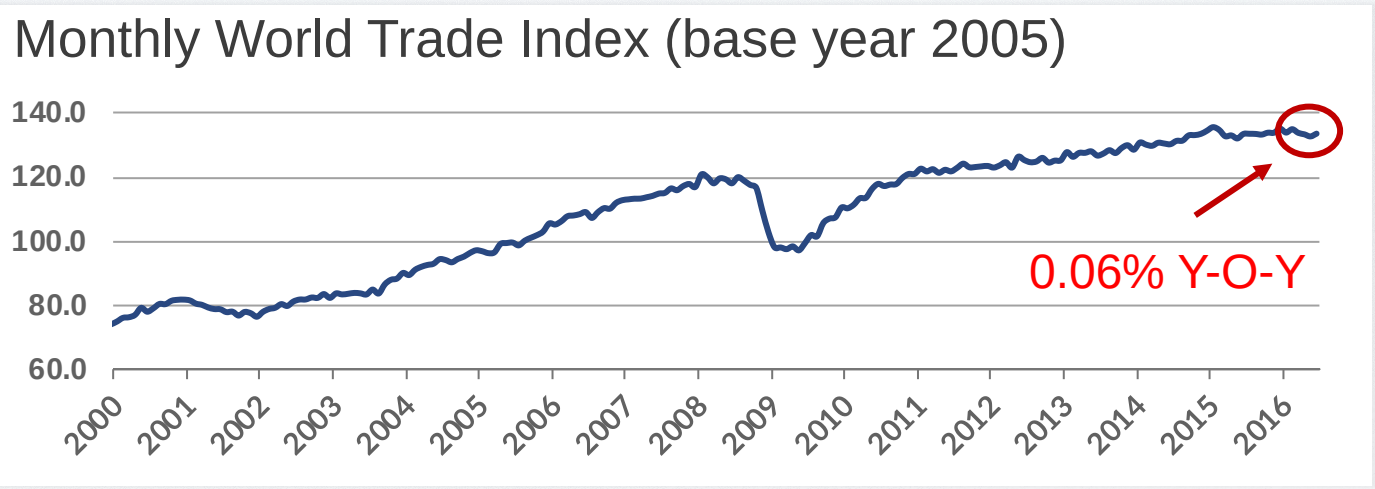
04 Grain trade

05 Crude oil trade

06 Oil Product trade

Global economic growth

	Percentage of world GDP	latest GDP growth	2016 estimate	2016 range of forecasts		2017 estimate	2017 range of forecasts		Industrial production
U.S.A	24.33	1.3	1.5	1.3	2.5	2.1	1.3	2.5	-1.1
Eurozone	15.74	1.6	1.5	1.5	1.6	1.3	1.0	1.5	-0.5
China	15.05	6.7	6.6	6.3	6.8	6.3	6.0	6.7	6.3
Japan	5.65	0.8	0.6	0.2	0.7	0.9	0.3	1.4	4.6
U.K.	3.83	2.1	1.8	1.2	2.1	0.7	-0.5	1.3	0.8
India	3.10	7.1	7.6	7.3	7.8	7.7	7.1	8.3	-2.4
S. Korea	1.93	3.2	2.6	2.2	3.0	2.6	2.3	2.9	2.3

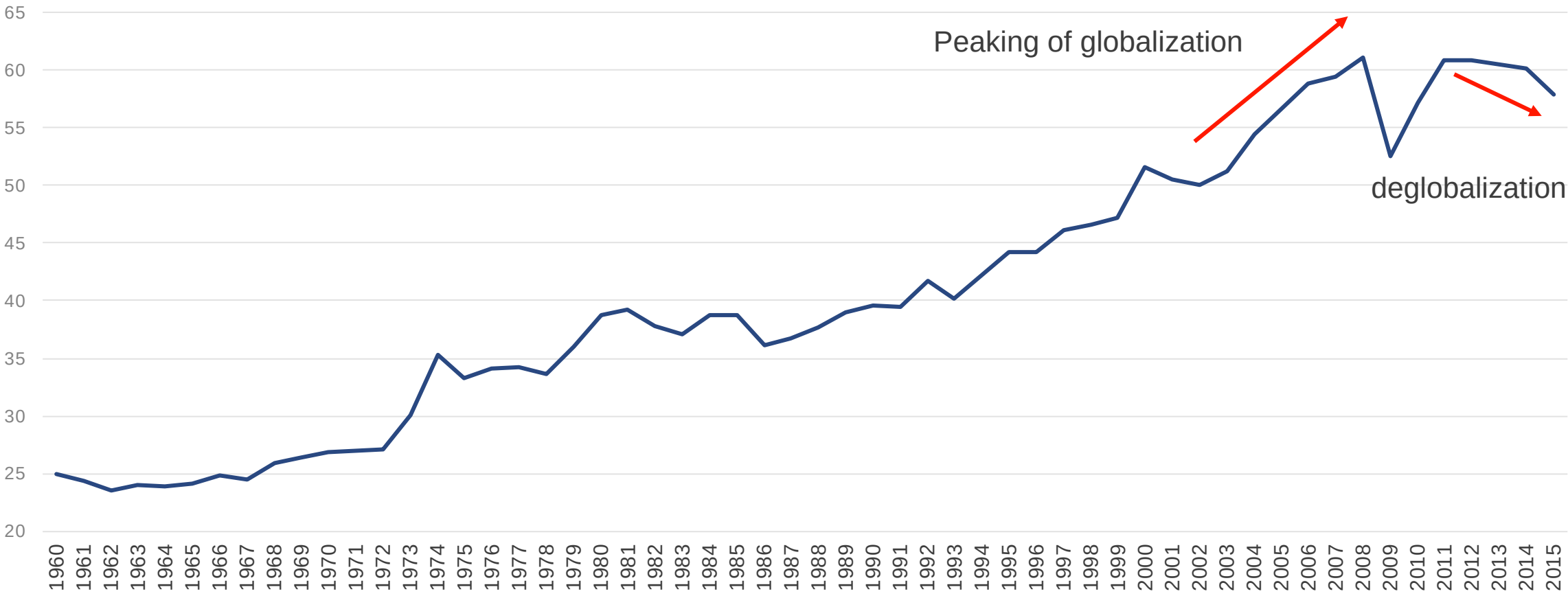


- OECD economies still lacking in growth momentum.
- China, the main driver of growth is expected to continue to slow down.
- Other members of the BRICS are underperforming, while India being one of the few noting improvement, on its own, takes up a very small portion of the world GDP.

Section 01

Trades disconnect with economic growth

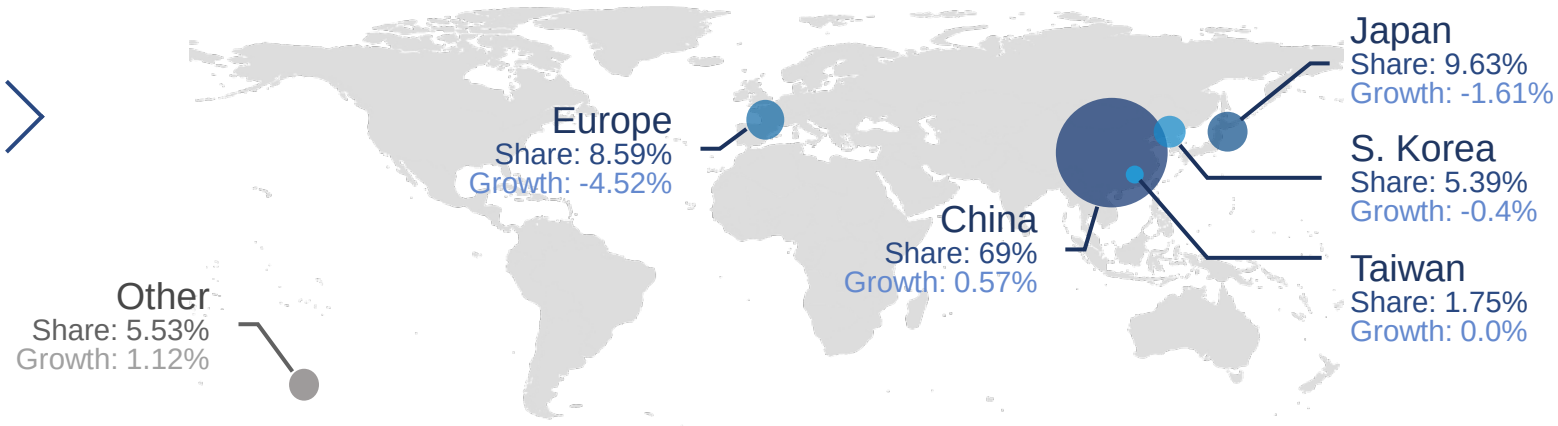
Trade as % of GDP (the sum of exports and imports of goods and services measured as a share of GDP)



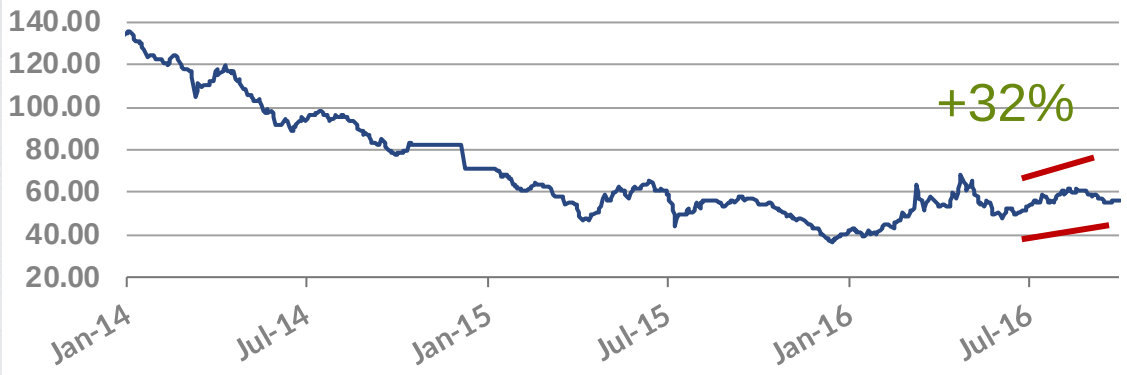
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Iron Ore trade

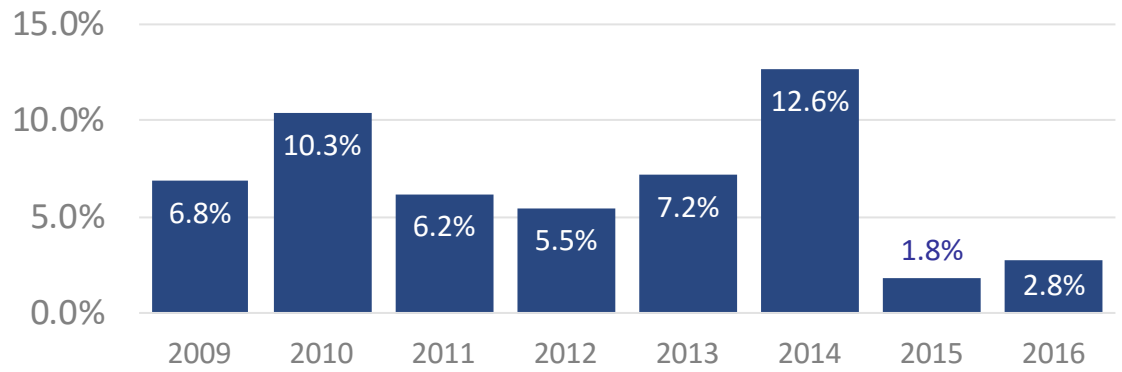
Top 5 Importers
(share for 2015 + expected growth for 2016)



Price of Iron ore (US$ / tonne)



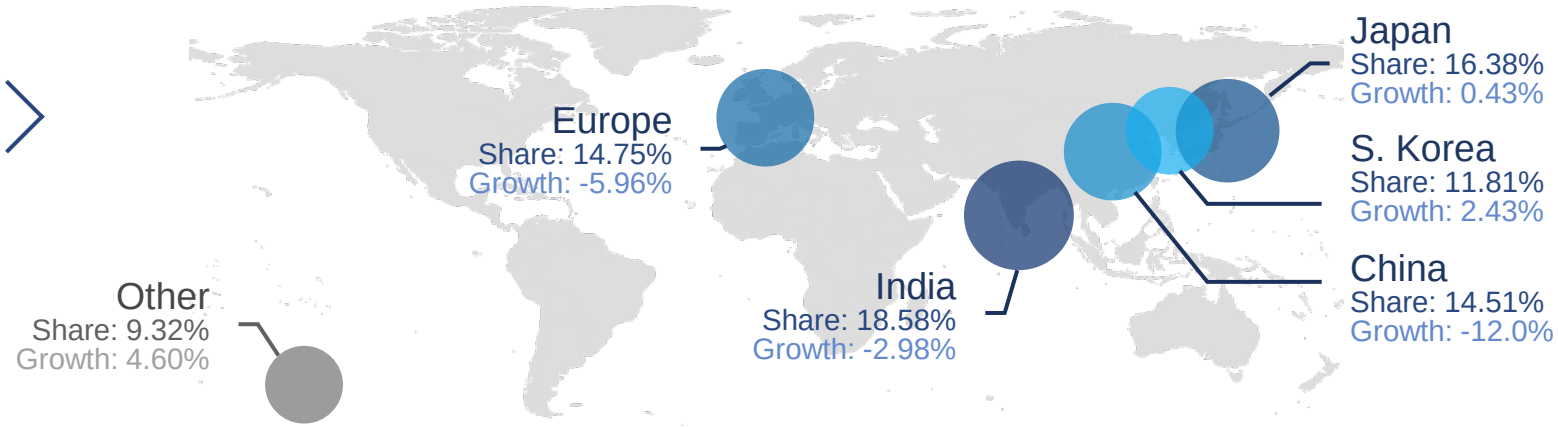
Annual growth in trade



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Coal trade

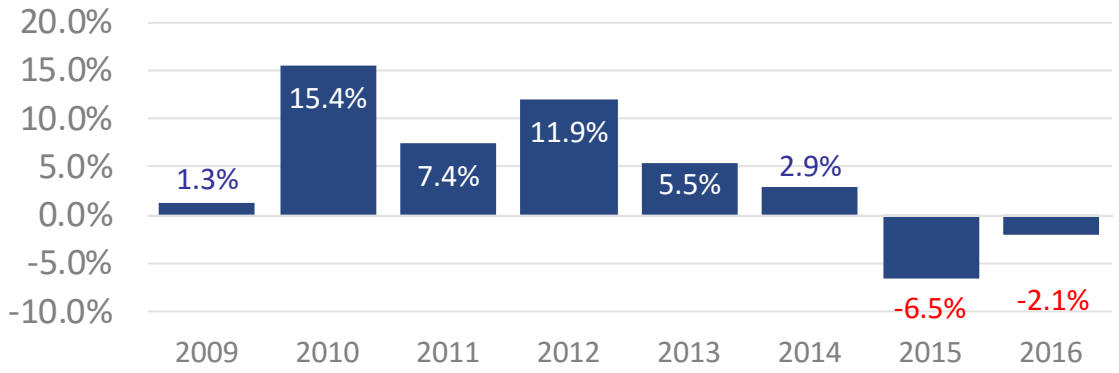
Top 5 Importers
(share for 2015 + expected growth for 2016)



Price of Coal (index value)



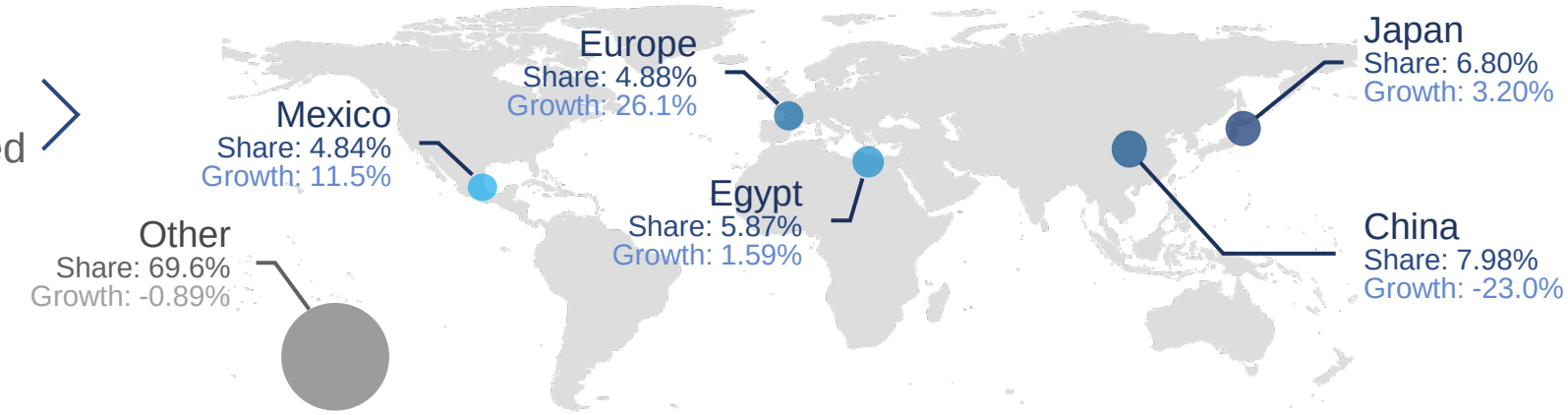
Annual growth in trade



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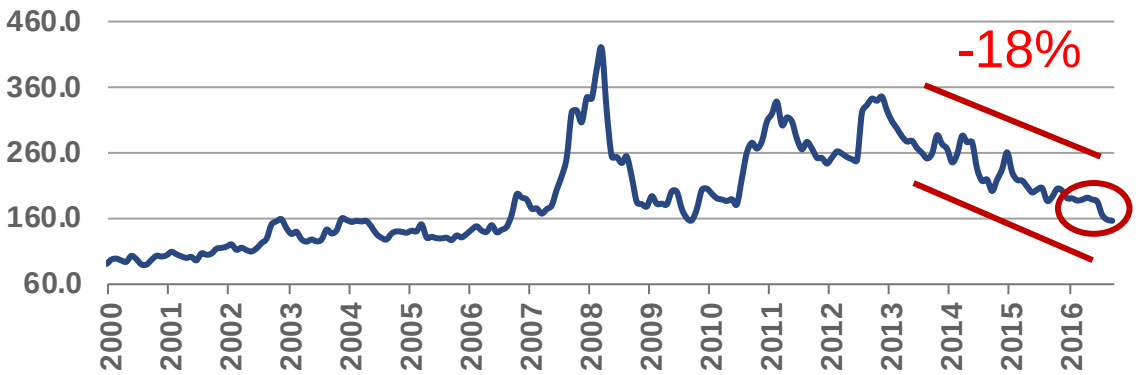
Grain trade

Top 5 Importers
(share for 14/15 + expected growth for 15/16)

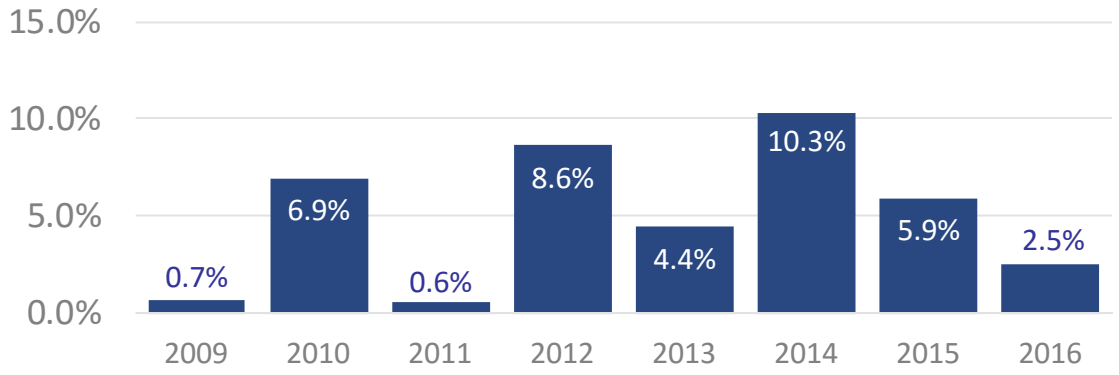


Section 01

Price of export Wheat U.S. (US$ / mt)



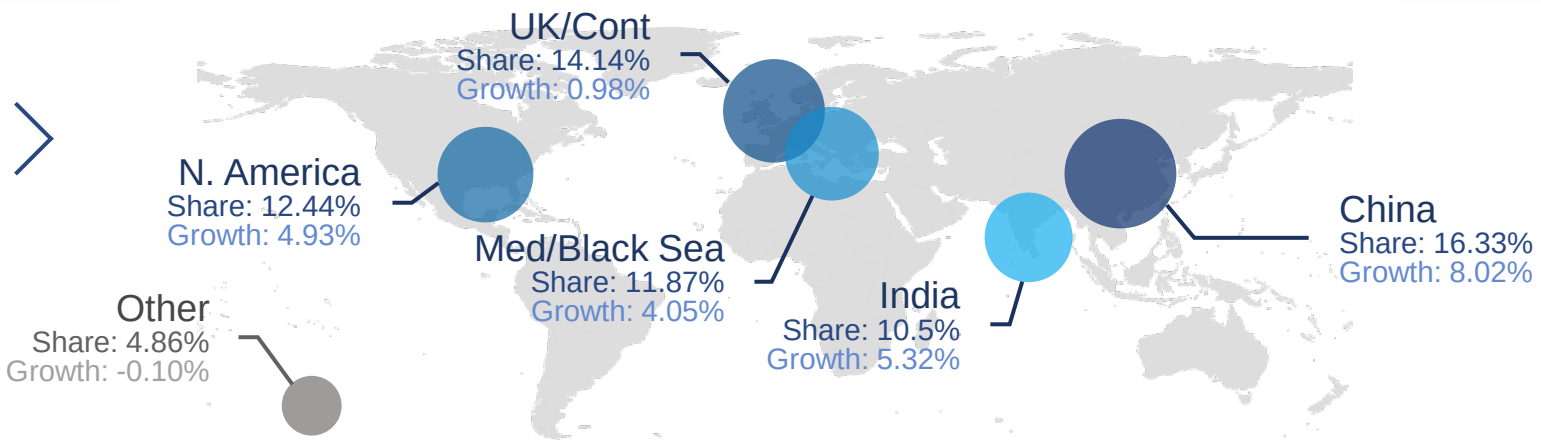
Annual growth in trade



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Crude Oil trade

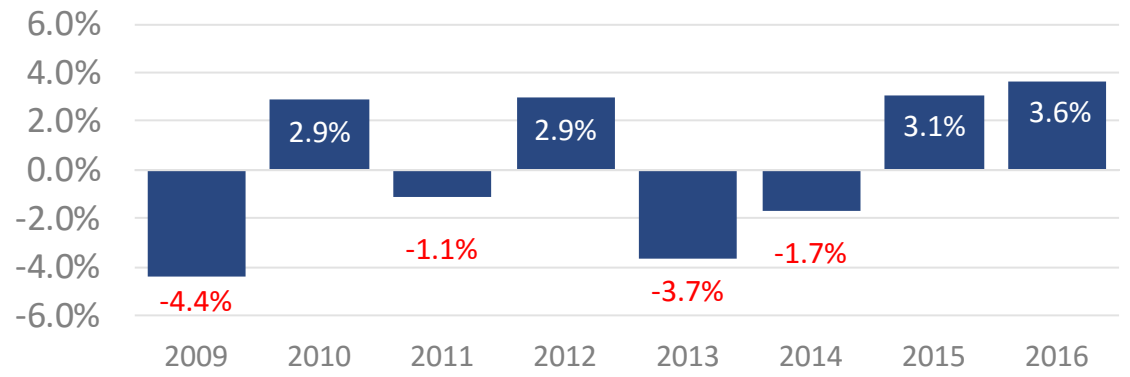
Top 5 Importers
(share for 2015 + expected growth for 2016)



Price of Brent (US$ / barrel)



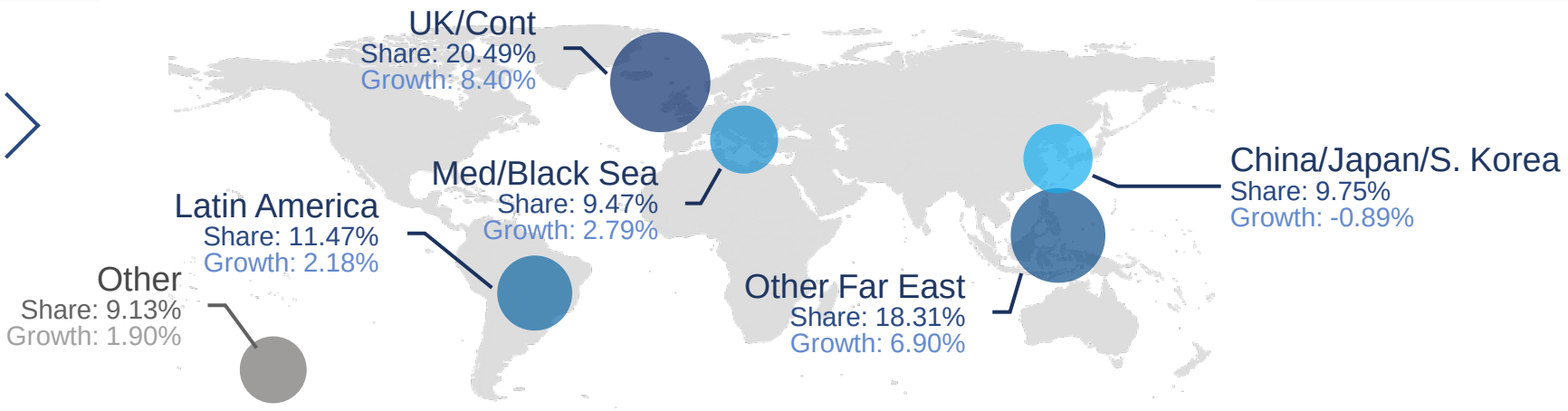
Annual growth in trade



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Oil Products trade

Top 5 Importers
(share for 2015 + expected growth for 2016)

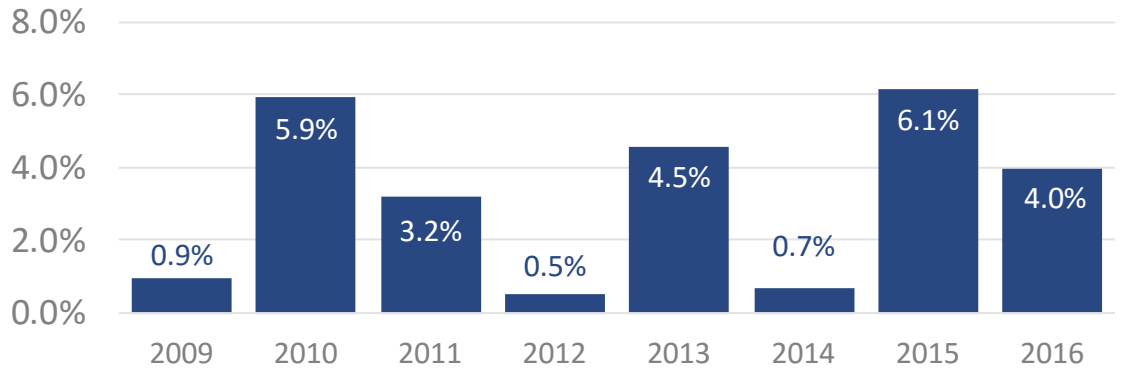


Section 01

Price of Brent (US$ / barrel)



Annual growth in trade



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02
Fleet supply

01 Dry Bulk Fleet & Orderbook

02 Dry Bulk Additions & Removals

03 Tanker Fleet & Orderbook

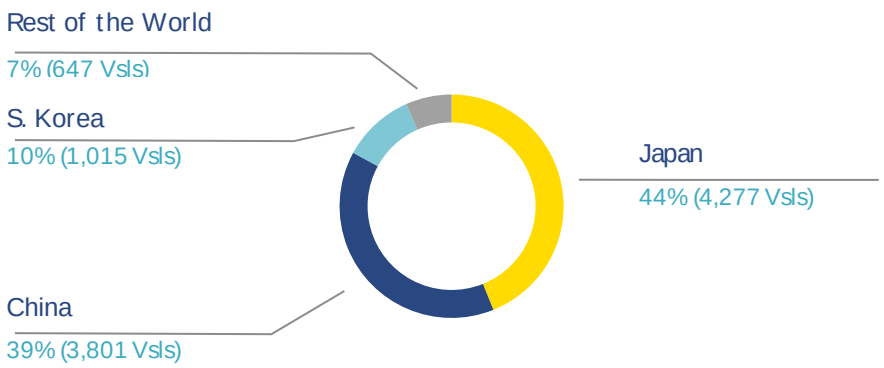
04 Tanker Additions & Removals

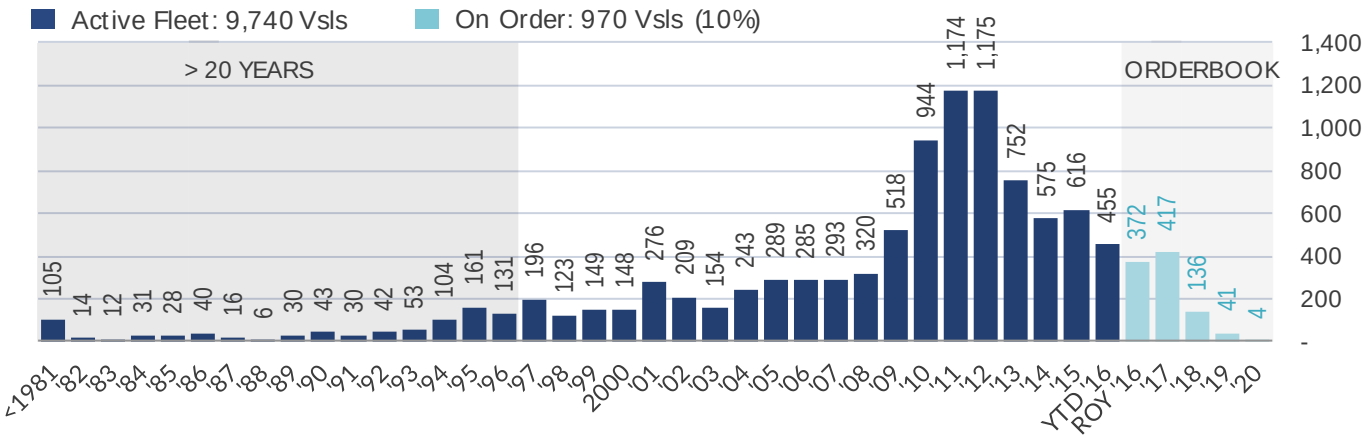
05 Fleet performance compared

Dry Bulkers – Fleet and Orderbook

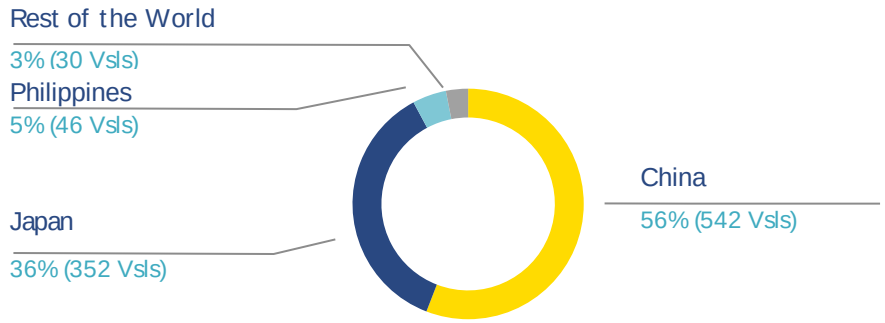
	In Service Fleet							Orderbook			
	Total	<5yrs	5-9yrs	10-14yrs	15-19yrs	20-24yrs	25yrs +	Total	2016	2017	2018+
Small Bulk	1,588	195	345	135	129	185	599	22	7	10	5
in mill DWT	9.70	1.43	2.65	0.93	1.02	0.85	2.81	0.17	0.05	0.09	0.03
Handysize	2,470	848	834	215	216	154	203	219	64	93	62
in mill DWT	78.35	29.61	25.97	6.62	6.14	4.18	5.83	8.05	2.36	3.43	2.26
Hmax/ Supra/ Ultra	3,137	1,184	1,057	406	268	147	75	353	150	160	43
in mill DWT	172.01	68.49	59.13	21.46	12.89	6.71	3.33	21.49	9.11	9.75	2.63
Panamax/ Kamsar	2,028	782	475	320	299	97	55	190	81	93	16
in mill DWT	156.70	62.29	37.29	24.44	22.07	6.86	3.75	15.42	6.56	7.56	1.31
Post Panamax	590	229	270	43	25	11	12	40	9	16	15
in mill DWT	56.83	22.24	26.22	3.83	2.40	1.07	1.07	3.47	0.79	1.39	1.29
Capesize/ VLOC	1,518	530	613	196	85	83	11	168	68	55	45
in mill DWT	298.99	110.21	117.20	35.27	14.82	18.76	2.74	40.81	13.77	11.94	15.11
Total (>20,000dwt)	**9,743**	**3,573**	**3,249**	**1,180**	**893**	**492**	**356**	**970**	**372**	**417**	**181**
in mill DWT	**762.87**	**292.83**	**265.81**	**91.62**	**58.31**	**37.58**	**16.72**	**89.24**	**32.57**	**34.07**	**22.60**

Country of built – active fleet





Country of built - orderbook

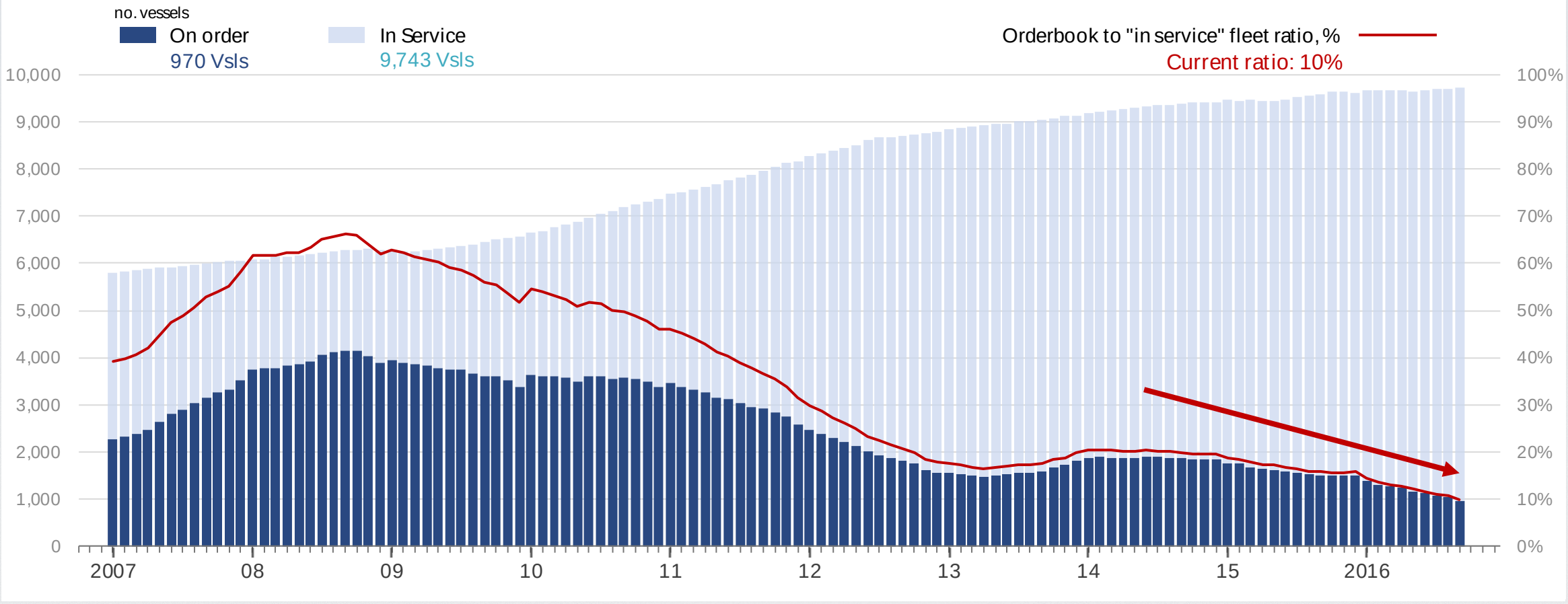


Section 02

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Dry Bulkers – Fleet and Orderbook

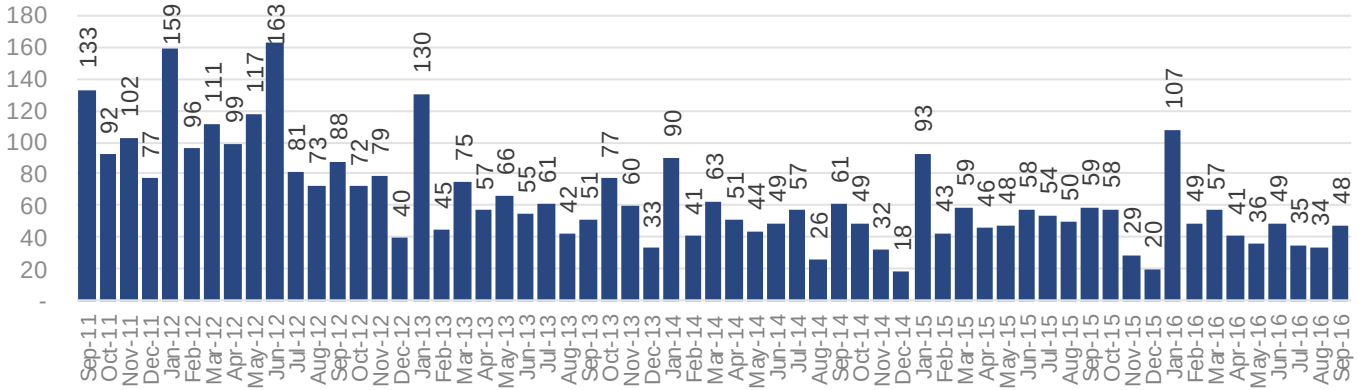
Fleet and Orderbook Development



Source: IHS, Allied Shipping Research

Dry Bulkers – newbuilding deliveries

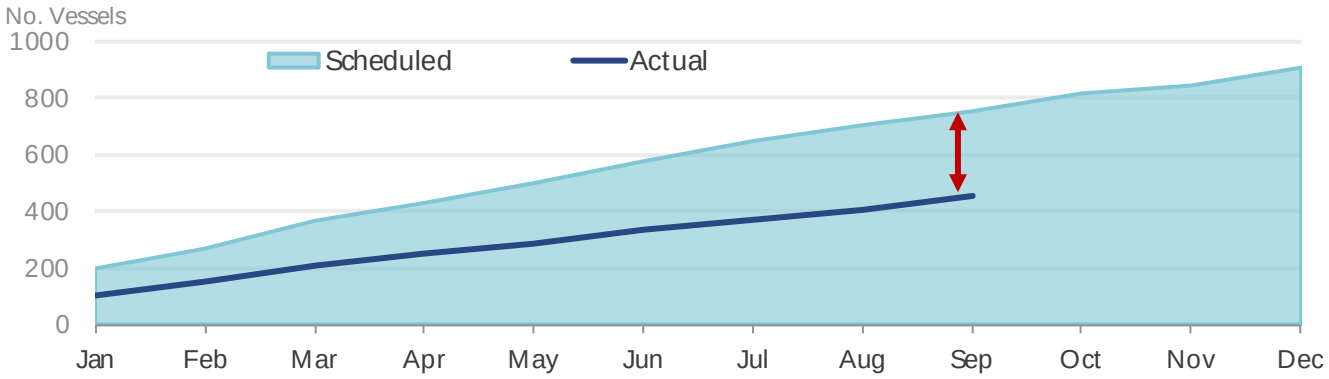
Total deliveries each month (no. vessels)



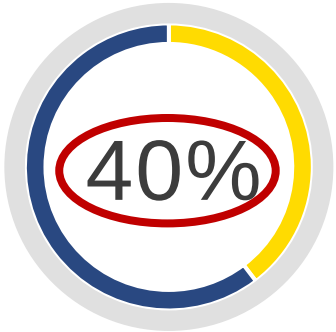
Breakdown of deliveries for 2016

	Scheduled	Delivered
20,000-39,999 dwt	148	100
40,000-66,999 dwt	282	169
60,000-84,999 dwt	143	70
80,000-120,000 dwt	34	28
120,000-420,000 dwt	147	88
Total (>20,000dwt)	**754**	**455**

Actual deliveries against those scheduled



Percentage of cancelled/delayed



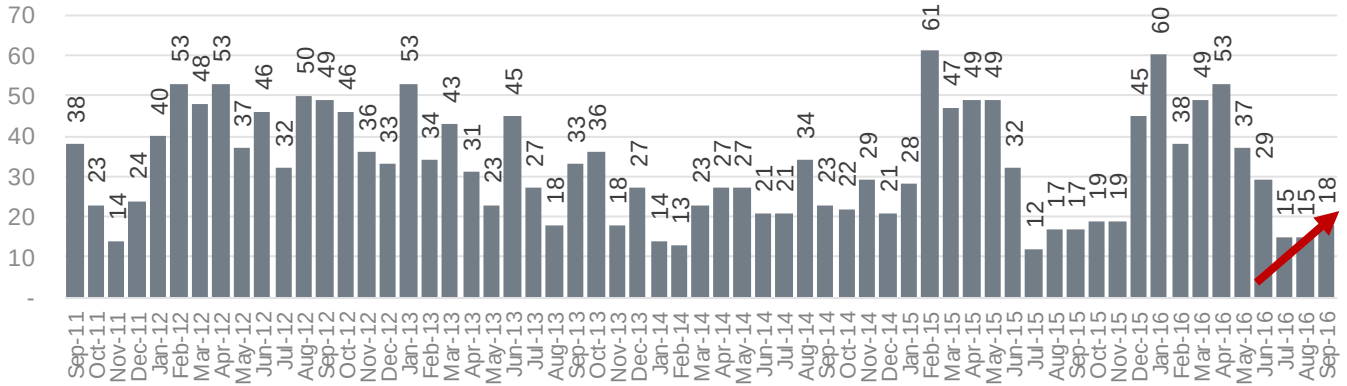
Cancelled/ Slippages Delivered

Section 02

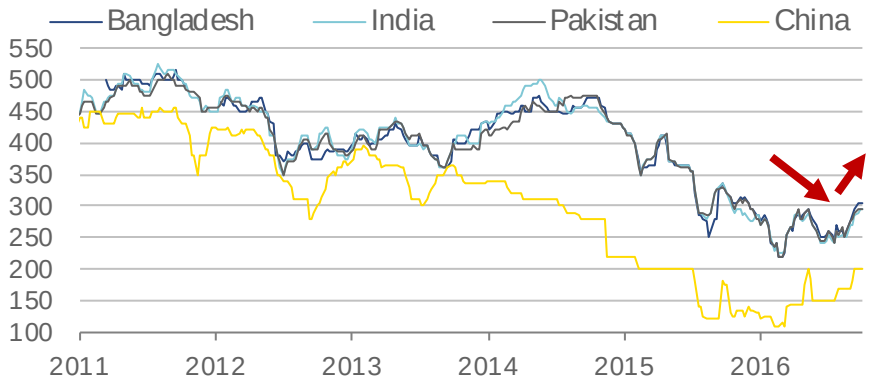
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Dry Bulkers – ship recycling

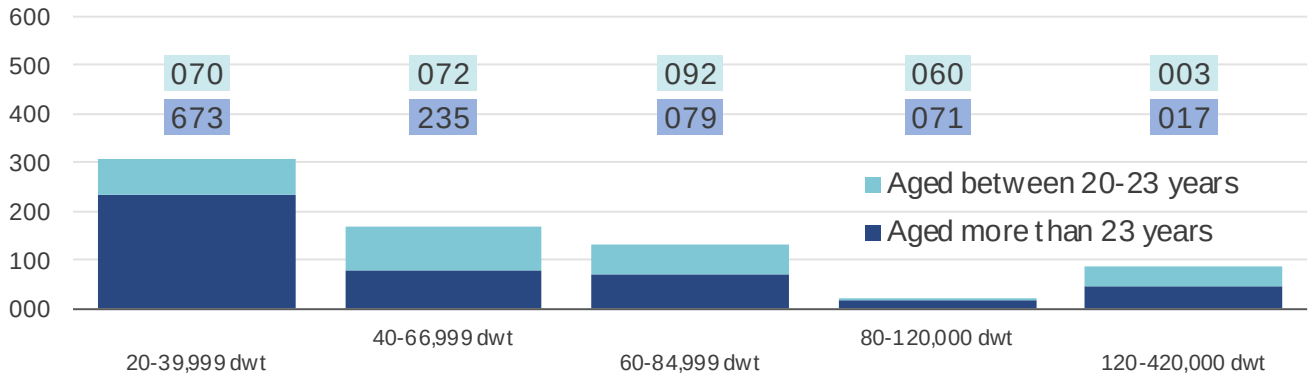
Total scrapping each month (no. vessels)



Scrap prices for dry bulkers (US$/ldt)



Vessels within current scrapping age



Average scrapping age (years)

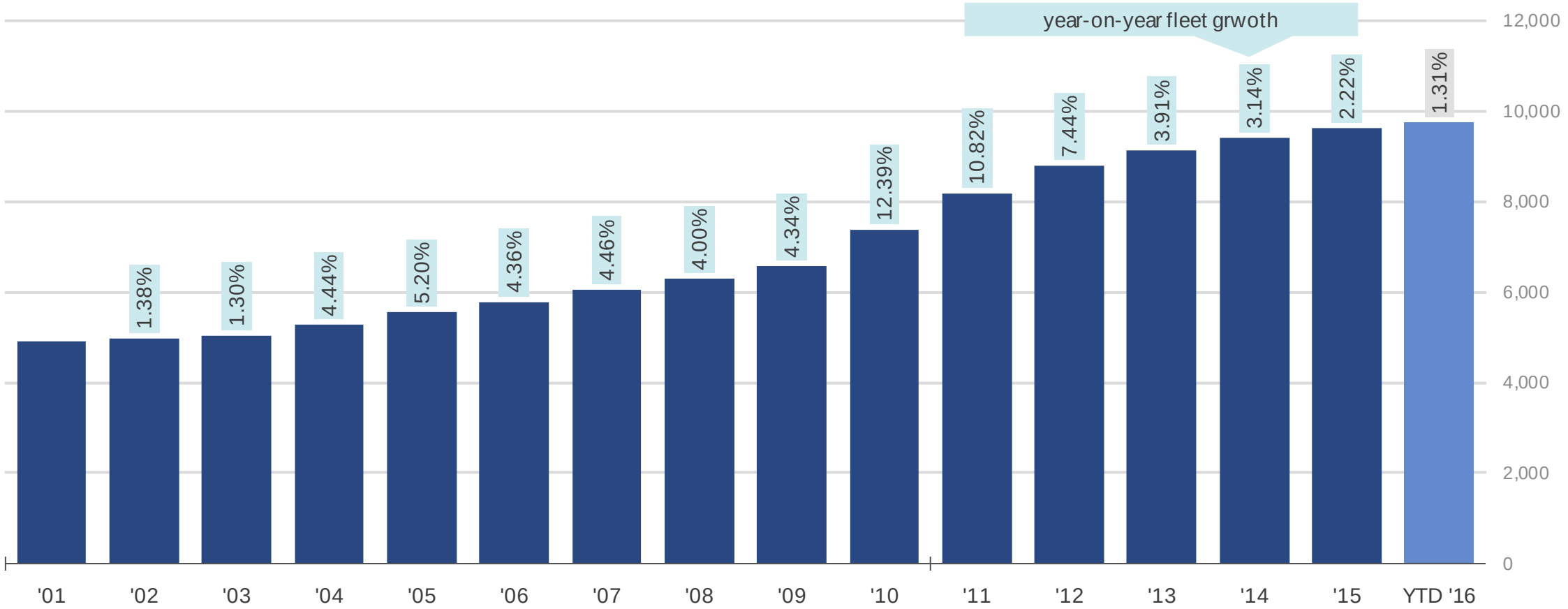
	2016	2015	2014	2013	2012	2011
<10,000 dwt	30.57	36.61	33.17	34.35	32.05	34.80
20,000-39,999 dwt	28.95	28.52	29.27	29.85	29.97	32.53
40,000-66,999 dwt	21.81	25.83	26.89	26.72	27.09	29.59
60,000-84,999 dwt	20.46	23.28	24.84	27.08	28.55	29.69
80,000-120,000 dwt	21.44	23.14	25.21	22.04	23.81	26.51
120,000-420,000 dwt	20.27	20.92	23.40	23.20	22.81	26.17
Total (>20,000dwt)	**22.76**	**24.97**	**27.05**	**27.87**	**27.84**	**29.99**

Section 02

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Dry Bulkers – Fleet development

Year-on-Year Fleet Development



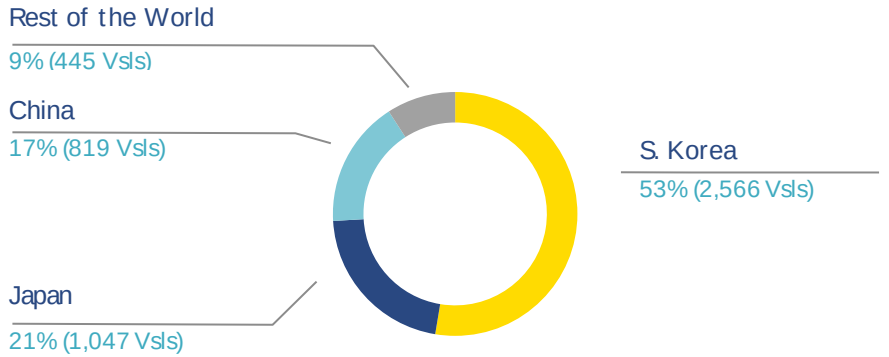
Source: IHS, Allied Shipping Research

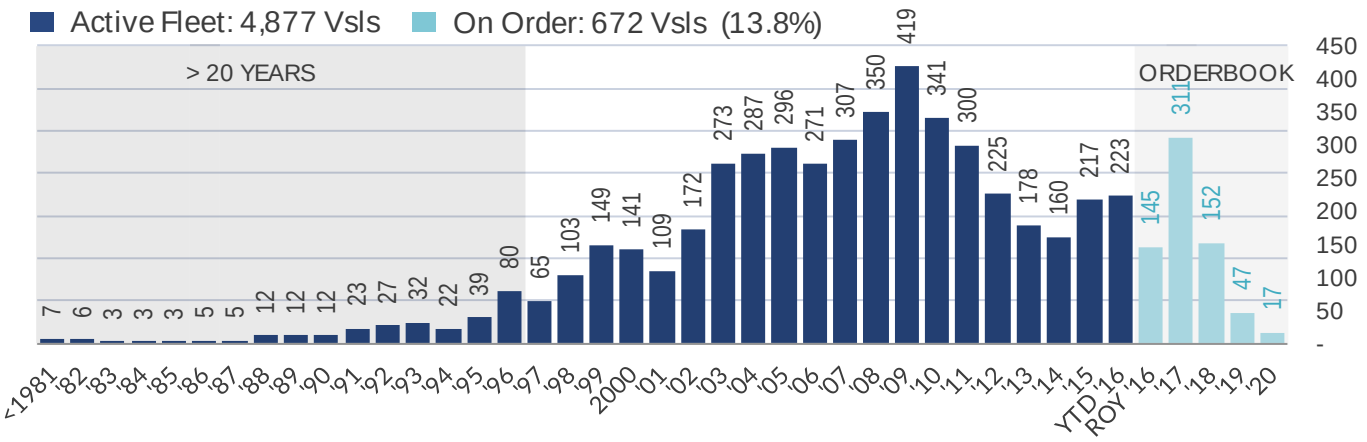
Section 02

Tankers– Fleet and Orderbook

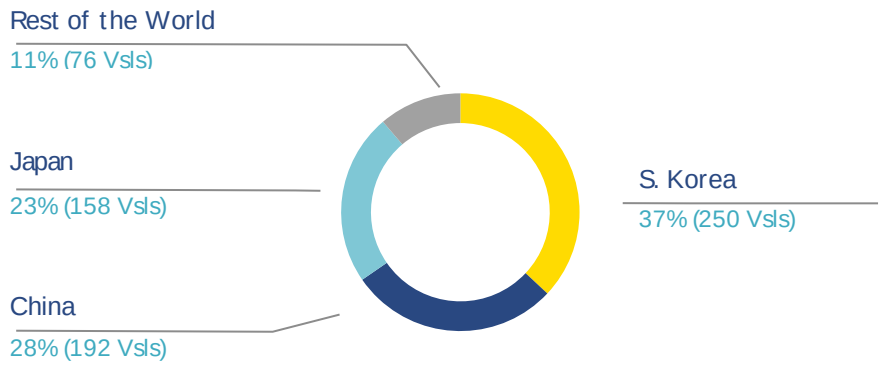
	In Service Fleet							Orderbook			
	Total	<5yrs	5-9yrs	10-14yrs	15-19yrs	20-24yrs	25yrs +	Total	2016	2017	2018+
Small Tankers	8,371	1,013	1,777	894	613	1,076	2,998	361	144	150	67
in mill DWT	43.92	5.84	15.57	6.76	4.27	3.83	7.66	3.47	1.03	1.52	0.93
MR	2,316	533	780	588	230	111	74	259	54	112	93
in mill DWT	101.07	24.58	34.94	24.77	9.39	4.61	2.79	11.06	2.28	4.83	3.95
Panamax/ LR1	418	45	181	156	27	6	3	59	17	27	15
in mill DWT	30.40	3.35	13.36	11.17	1.92	0.39	0.20	4.32	1.23	1.97	1.12
Aframax/ LR2	948	150	348	279	124	39	8	153	29	70	54
in mill DWT	102.56	16.55	38.29	30.11	13.05	3.84	0.72	17.33	3.27	7.95	6.10
Suezmax	515	117	164	125	82	21	6	107	21	62	24
in mill DWT	80.12	18.13	25.91	19.79	12.36	3.10	0.83	16.71	3.28	9.68	3.75
VLCC	680	158	244	151	104	23	-	98	24	40	34
in mill DWT	209.27	49.33	75.46	46.42	31.26	6.80	-	30.21	7.44	12.28	10.50
Total (>25,000dwt)	**4,877**	**1,003**	**1,717**	**1,299**	**567**	**200**	**91**	**676**	**145**	**311**	**220**
in mill DWT	**523.42**	**111.94**	**187.96**	**132.27**	**67.97**	**18.75**	**4.54**	**79.63**	**17.50**	**36.70**	**25.43**

Country of built – active fleet





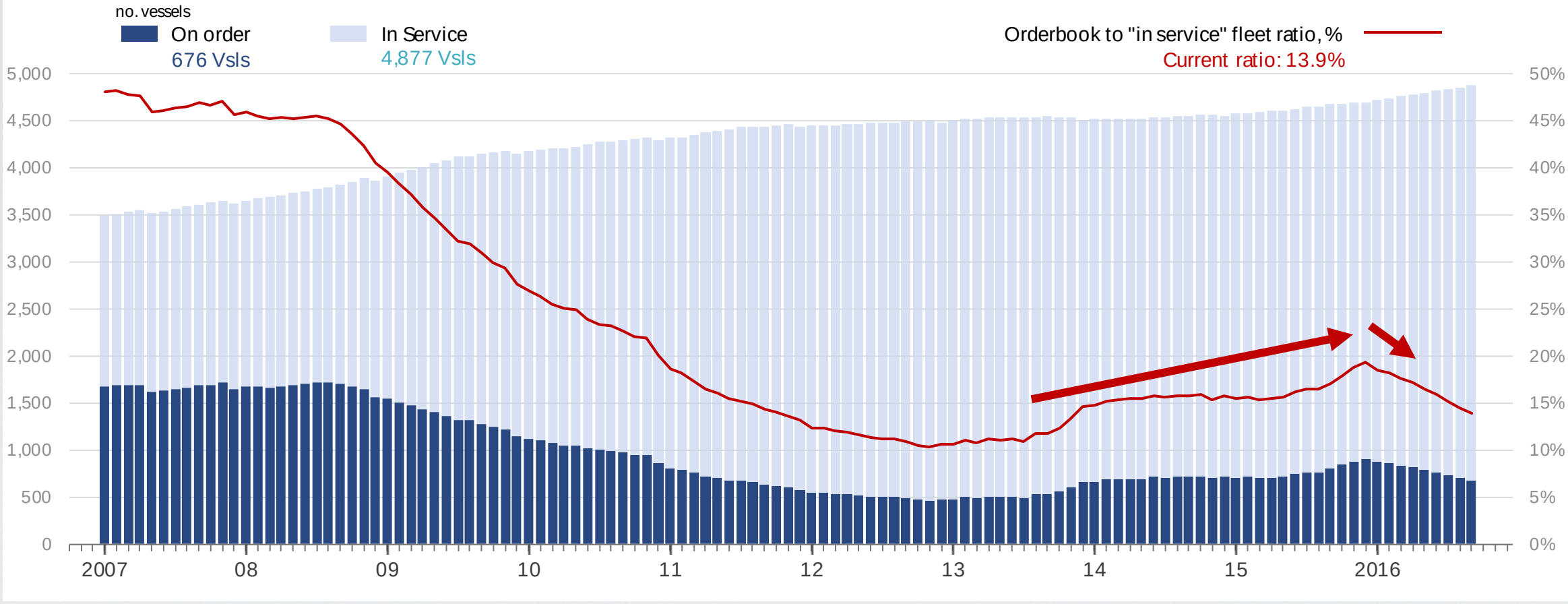
Country of built - orderbook



Section 02

Tankers – Fleet and Orderbook

Fleet and Orderbook Development

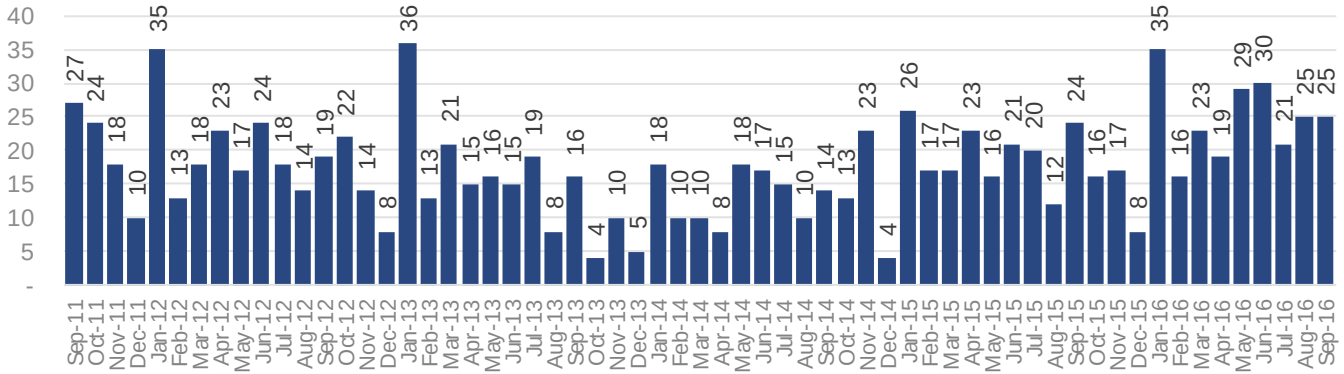


Source: IHS, Allied Shipping Research

Section 02

Tankers – newbuilding deliveries

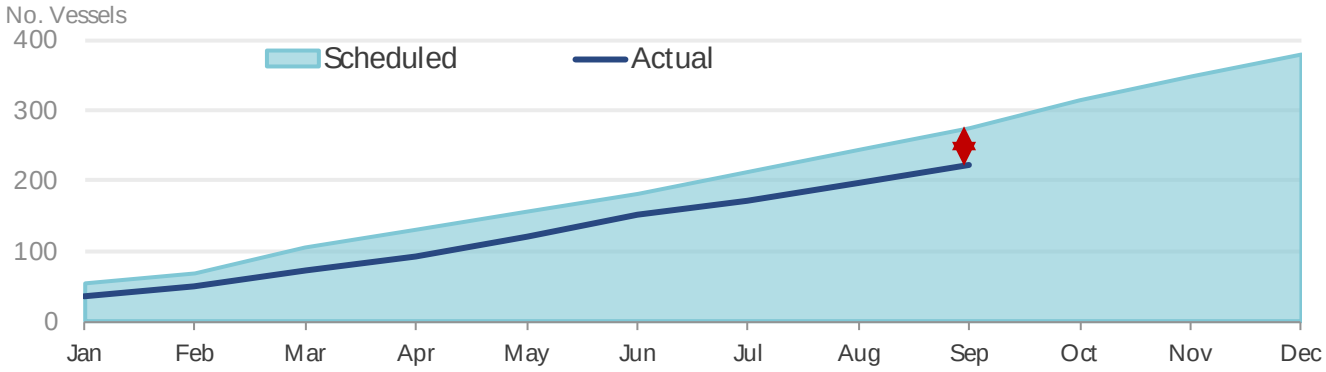
Total deliveries each month (no. vessels)



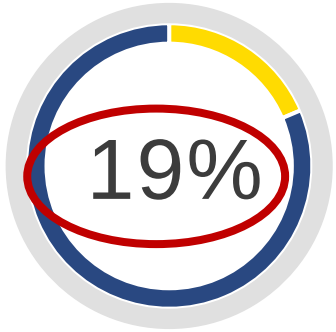
Breakdown of deliveries for 2016

	Scheduled	Delivered
25,000-59,999 dwt	132	112
60,000-79,999 dwt	19	14
80,000-119,999 dwt	56	42
120,000-199,999 dwt	25	20
200,000-499,999 dwt	42	35
Total (>25,000dwt)	**274**	**223**

Actual deliveries against those scheduled



Percentage of cancelled/delayed



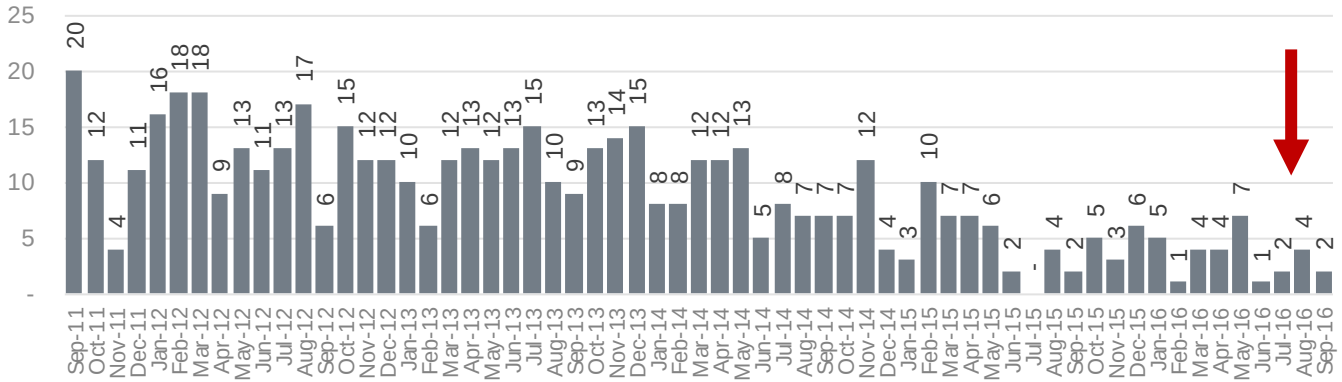
Cancelled/ Slippages Delivered

Section 02

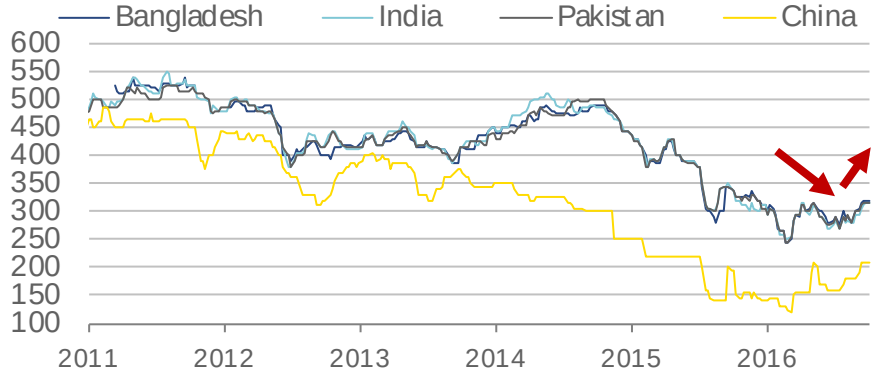
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Tankers – ship recycling

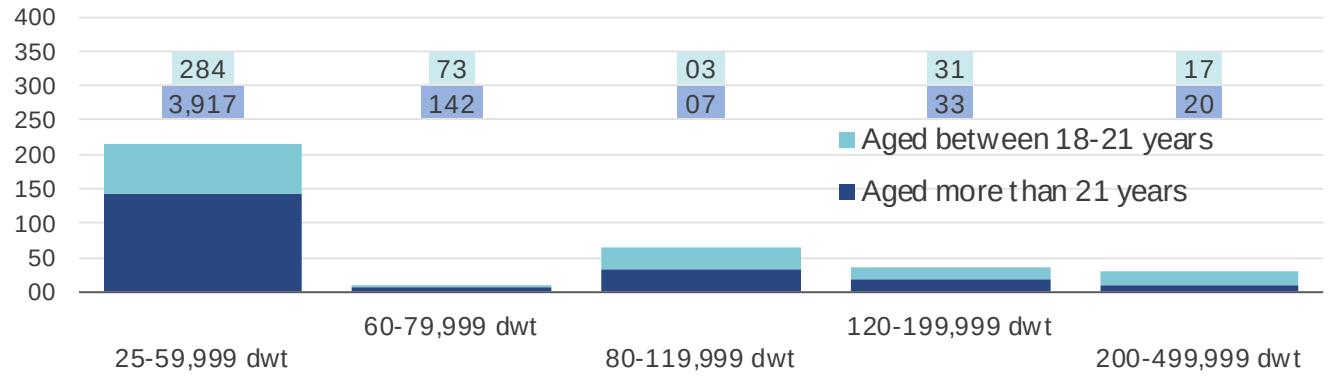
Total scrapping each month (no. vessels)



Scrap prices for tankers (US$/ldt)



Vessels within current scrapping age



Average scrapping age (years)

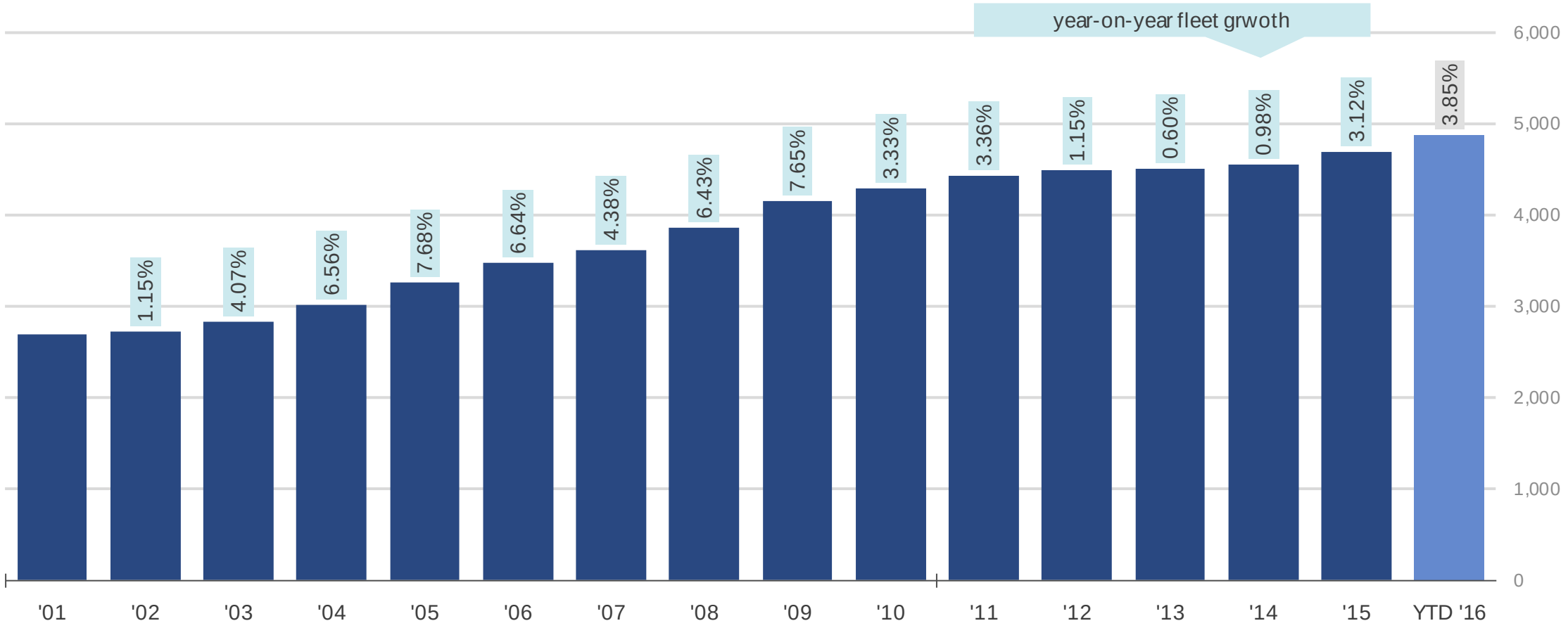
	2016	2015	2014	2013	2012	2011
1-24,999 dwt	34.54	33.53	32.24	31.08	31.78	33.45
25,000-59,999 dwt	26.74	27.06	26.64	27.67	26.66	29.52
60,000-79,999 dwt	20.92	23.44	23.60	23.17	27.77	25.24
80,000-119,999 dwt	22.24	23.73	23.27	22.02	22.31	23.21
120,000-199,999 dwt	35.72	28.73	21.56	20.74	21.78	20.36
200,000-499,999 dwt	20.05	25.27	21.50	20.57	22.65	21.94
Total (>25,000dwt)	**25.57**	**25.68**	**24.17**	**23.74**	**24.17**	**25.80**

Section 02

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Tankers – Fleet development

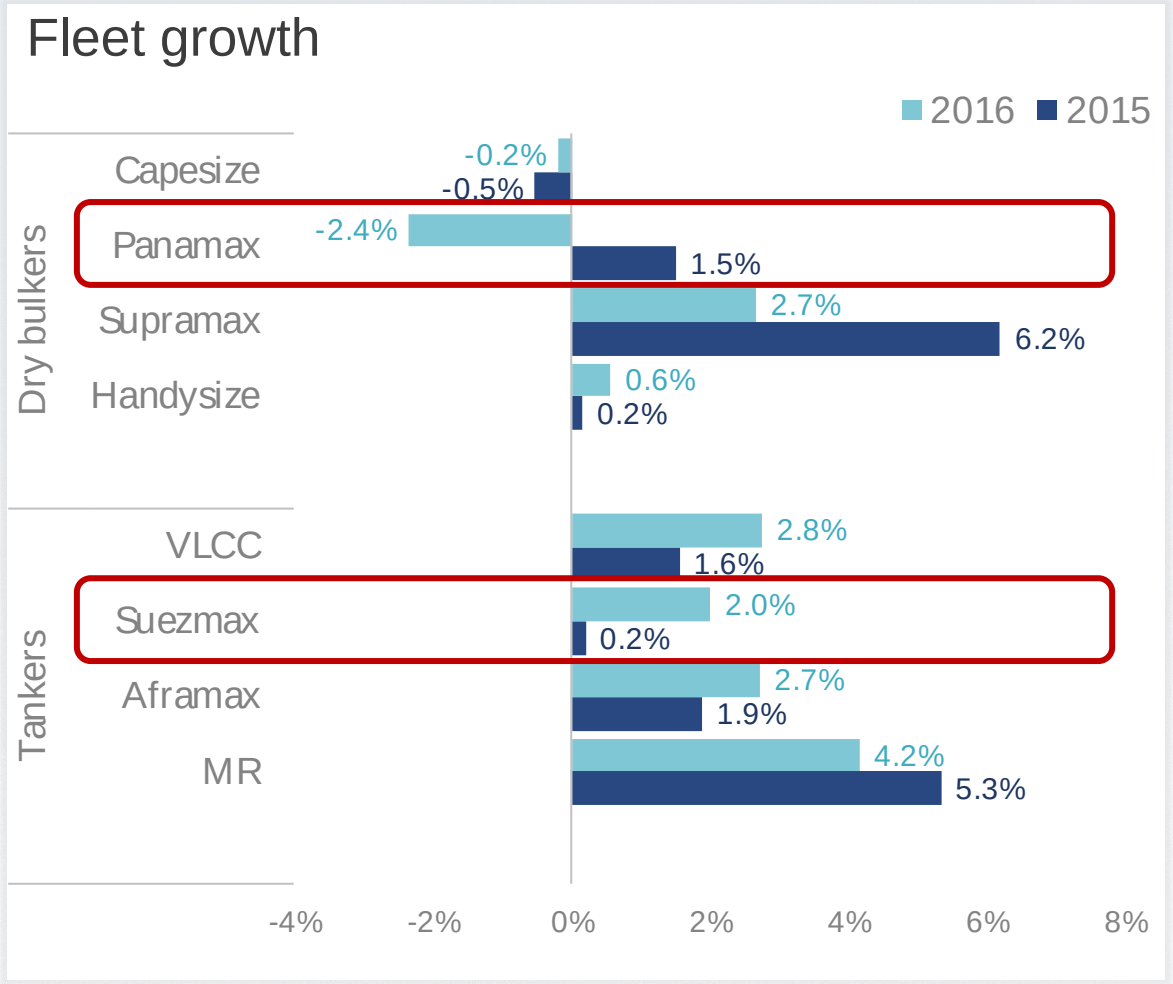
Year-on-Year Fleet Development

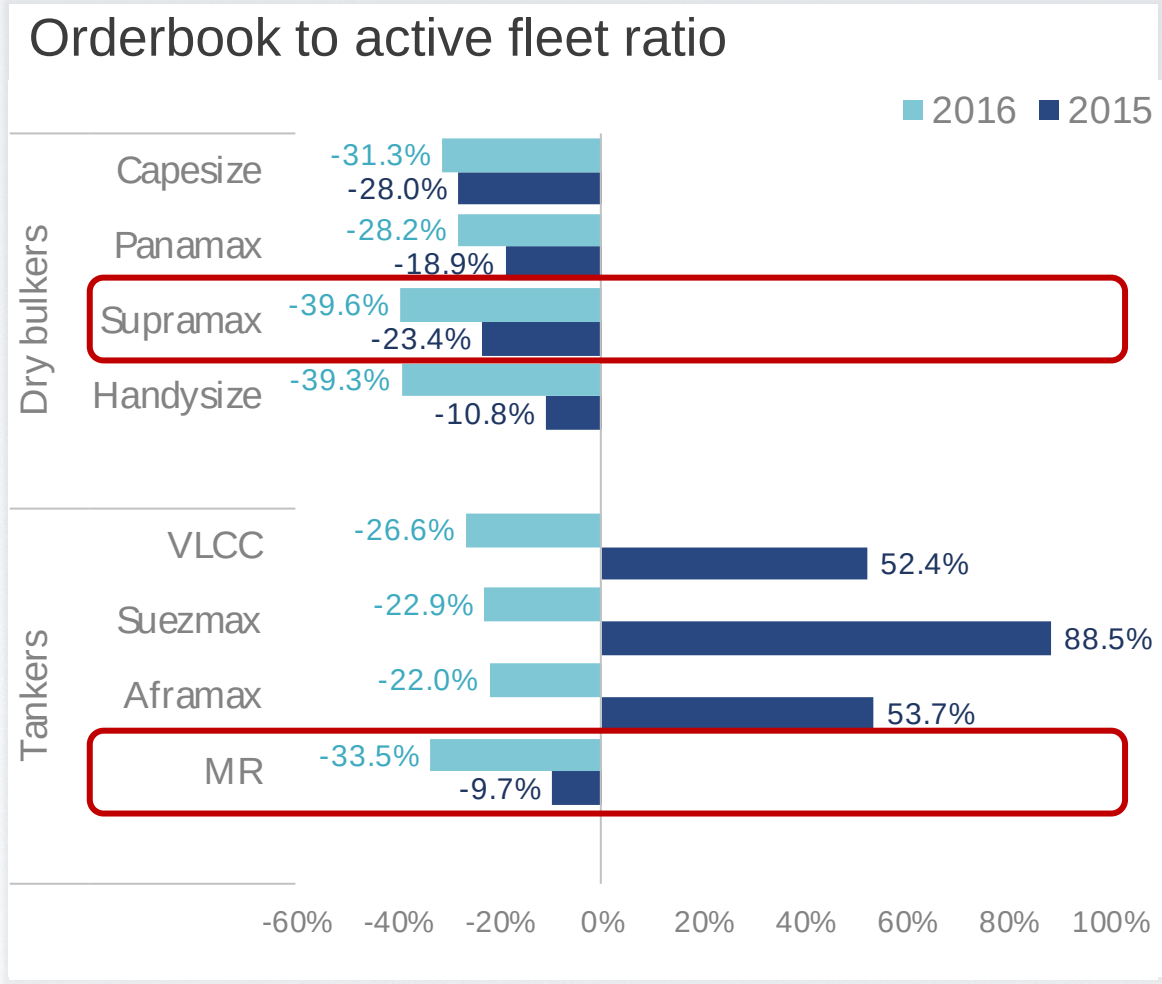


Source: IHS, Allied Shipping Research

Section 02

Fleet size performance





Orderbook to active fleet ratio

Section 02

ALLIED Shipping Research

03

Freight Markets

01 Dry Bulk Freight rates

02 Dry Bulk Freight rates compared to asset values

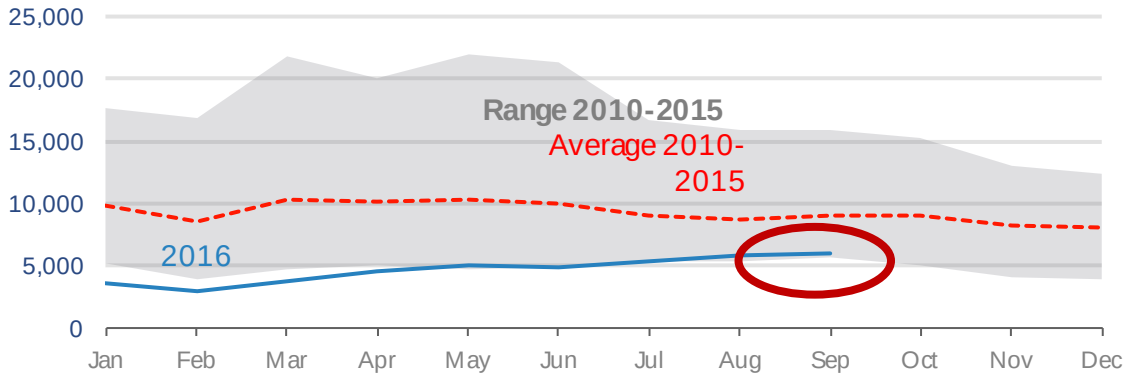
03 Tanker Freight rates

04 Tanker Freight rates compared to asset values

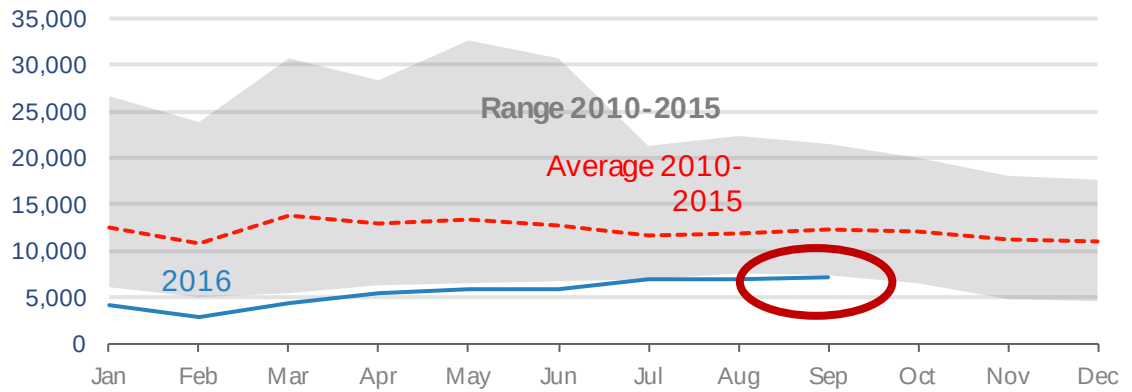
05 Earnings performance compared

Dry Bulkers – freight rates

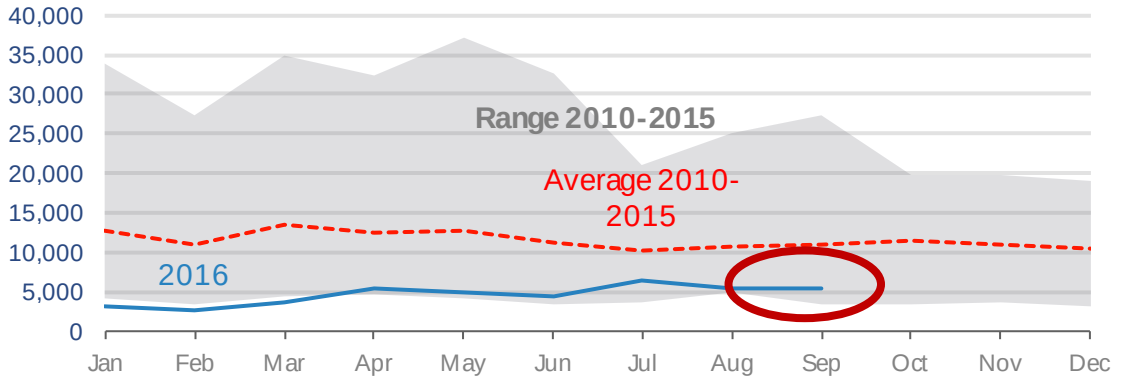
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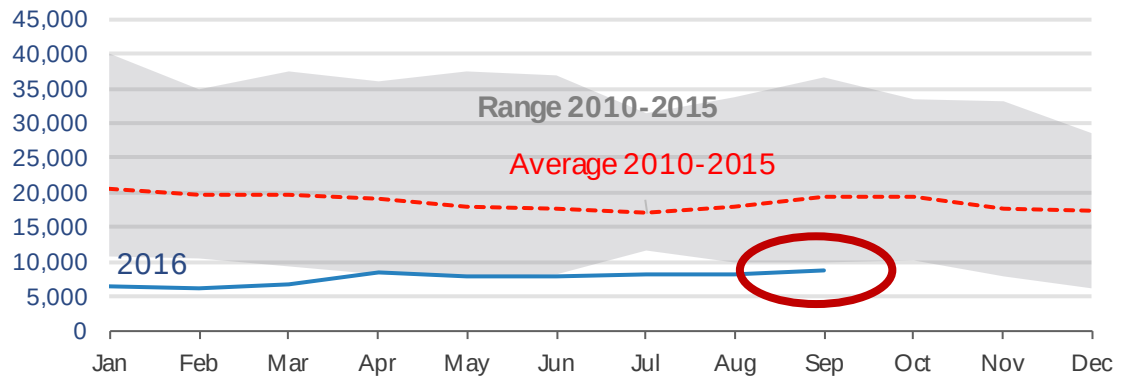
Supramax



Panamax



Capesize



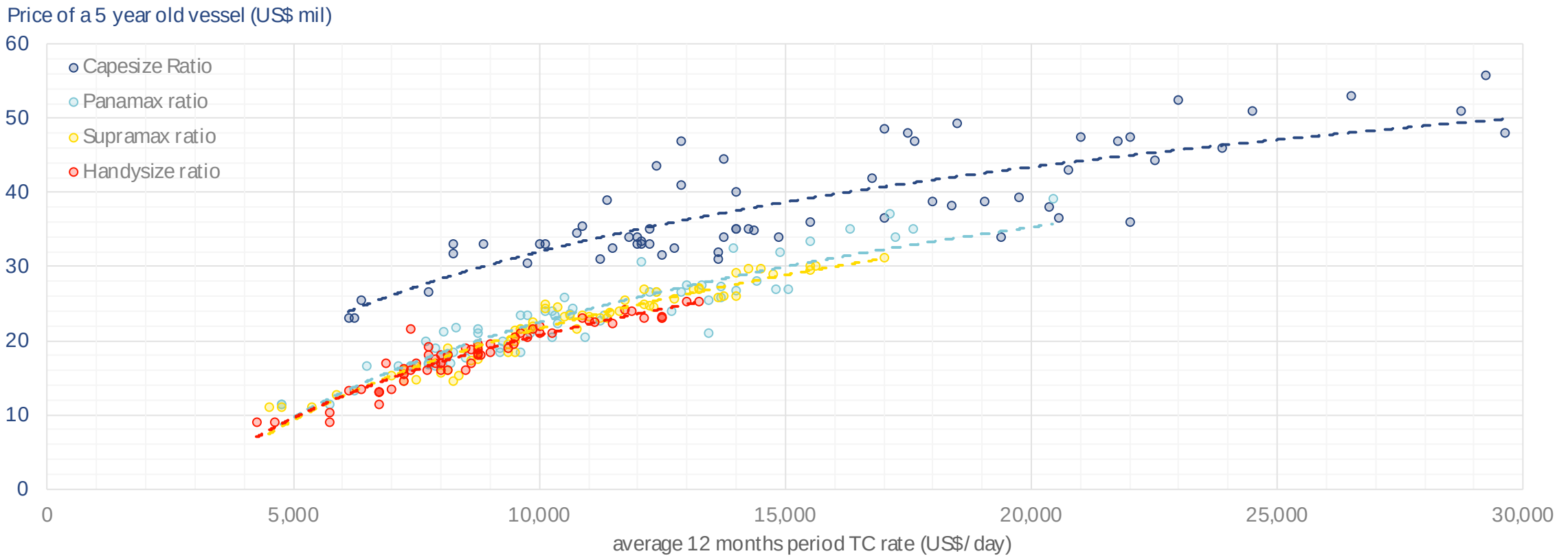
Section 03

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Dry Bulkers – Asset prices against earnings

Correlations between asset prices and freight rate movements

Monthly indications over the past 5 years with indicative trend lines for each individual size segment

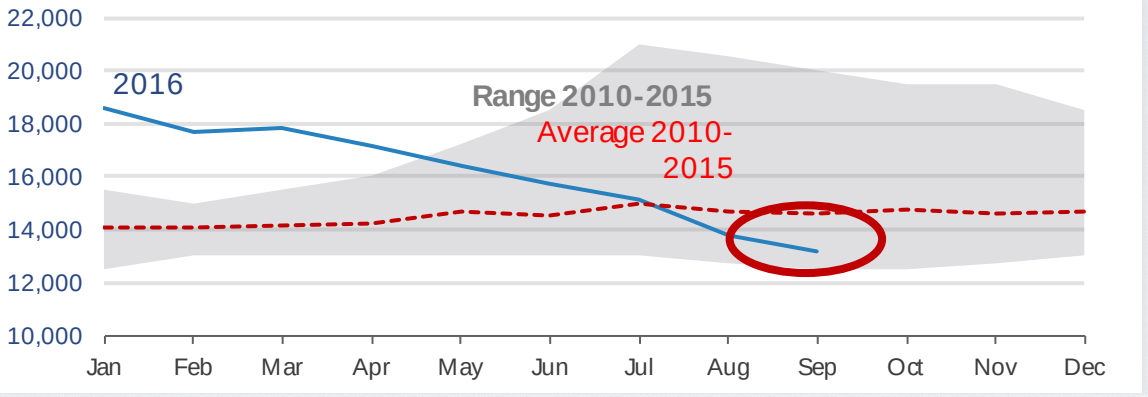


Section 03

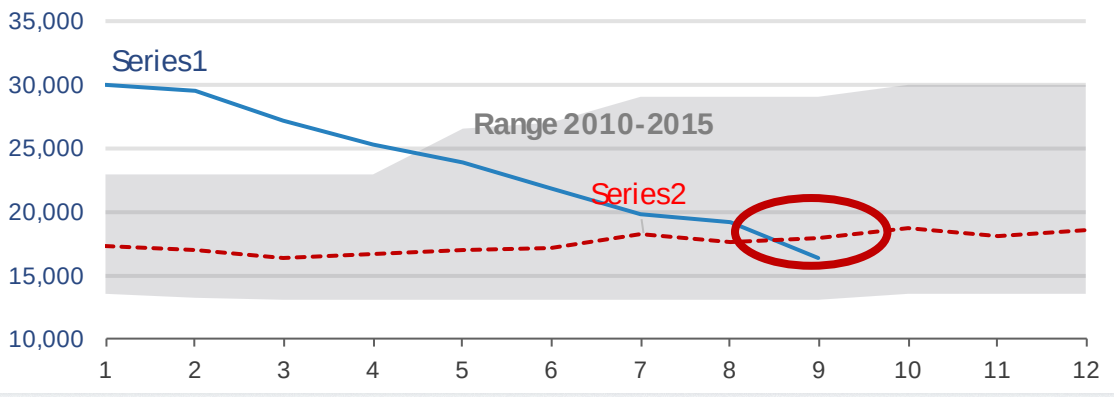
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Tankers – freight rates

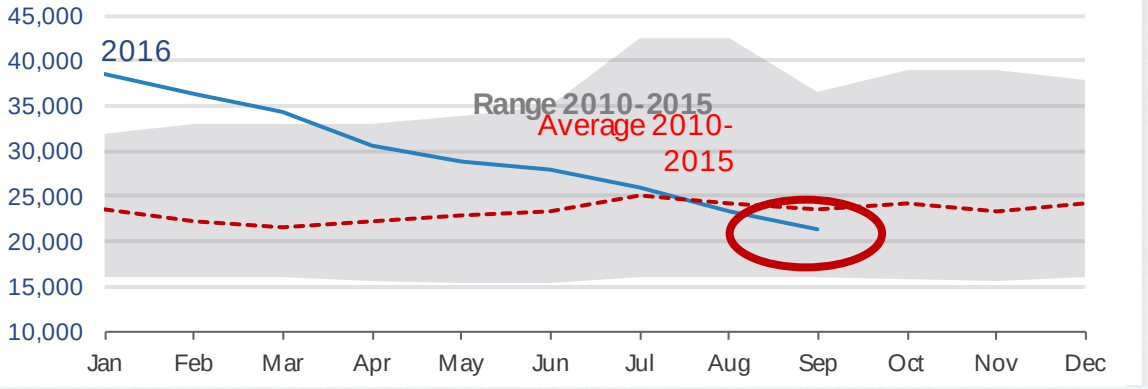
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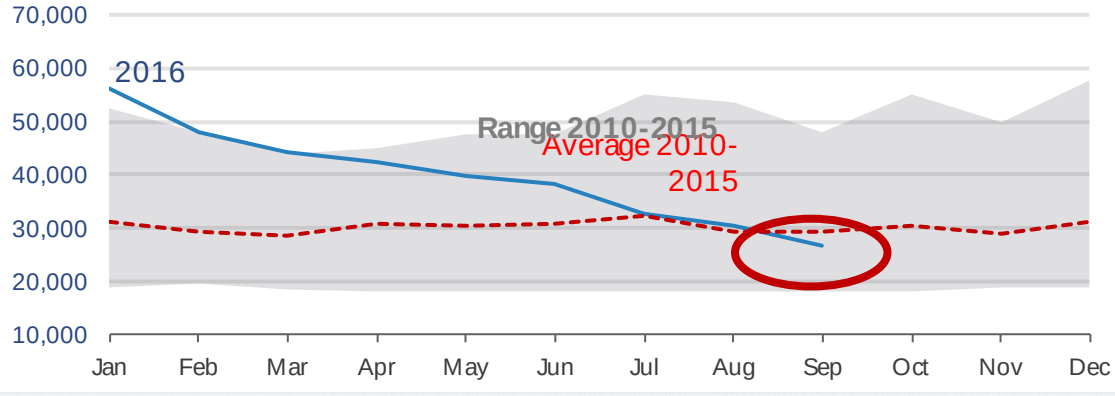
Aframax



Suezmax



VLCC



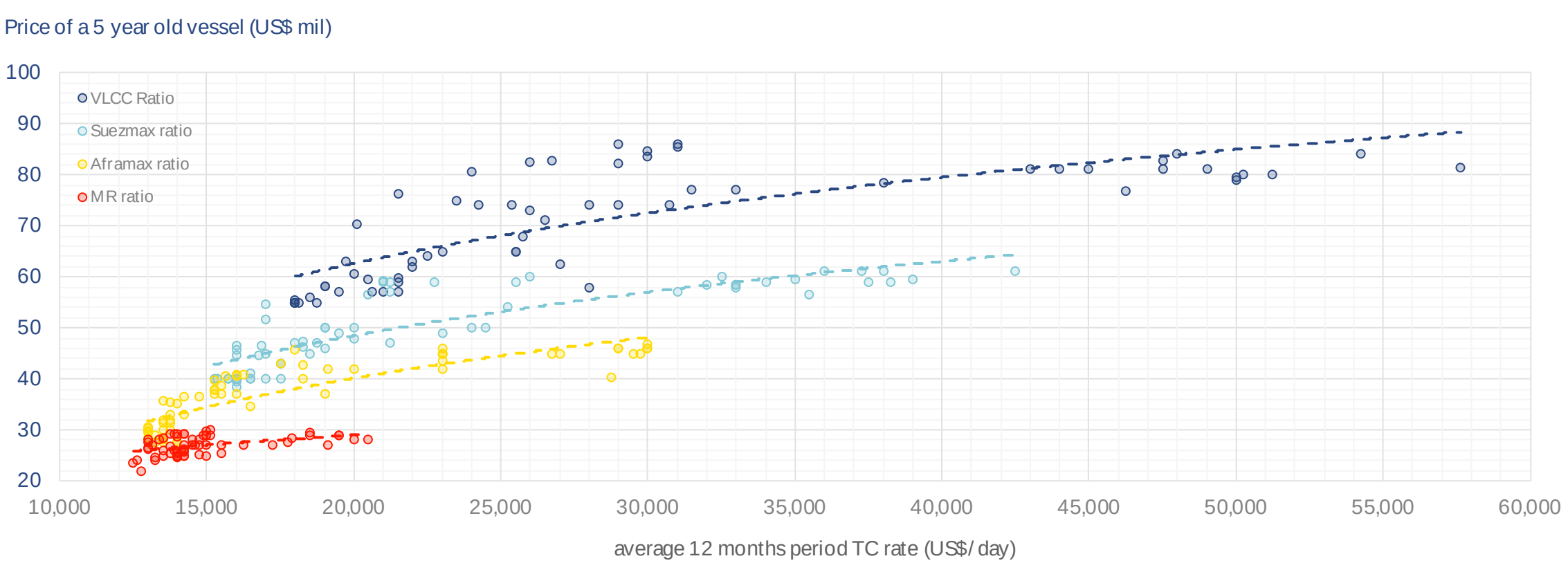
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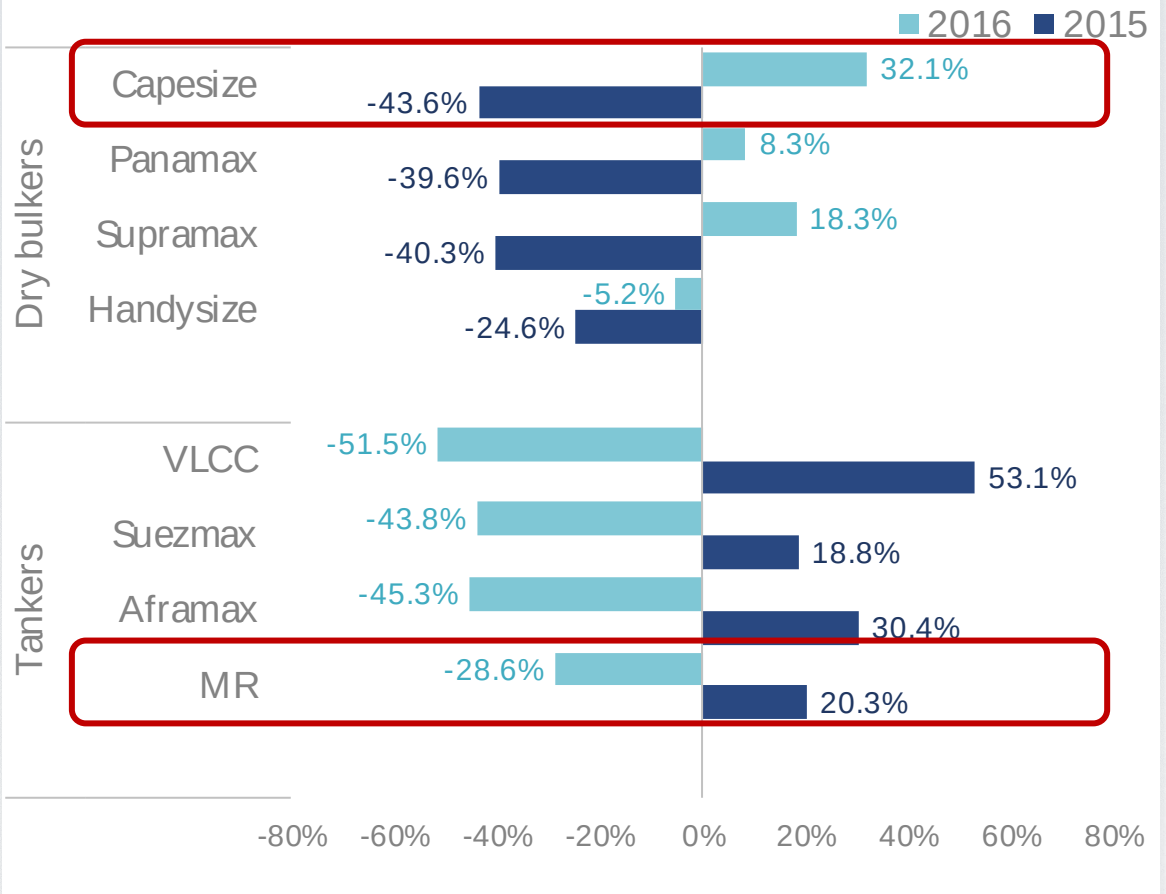


Section 03

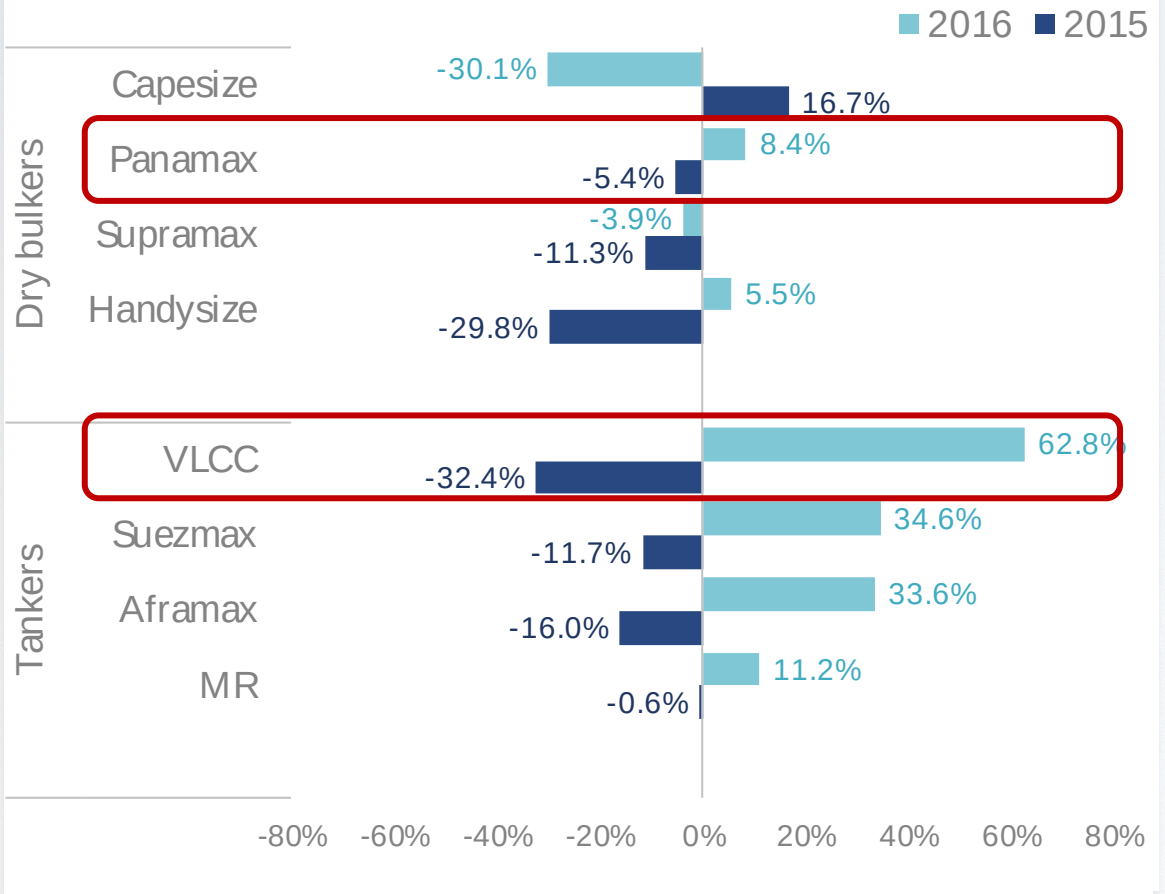
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Earnings performance

12 months period TC



Prices of 5 year old asset / period TC



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04

Asset Prices

01 Dry Bulk Asset prices

02 Dry Bulk Asset prices against NB and buyers preference

03 Tanker Asset prices

04 Tanker Asset prices against NB and buyers preference

05 Asset Price performance compared

Dry Bulkers – secondhand asset prices

Handysize



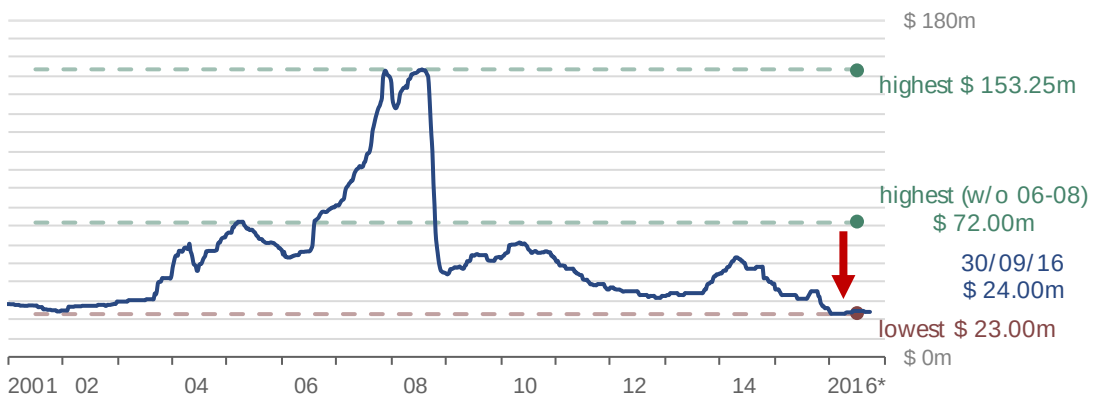
Supramax



Panamax



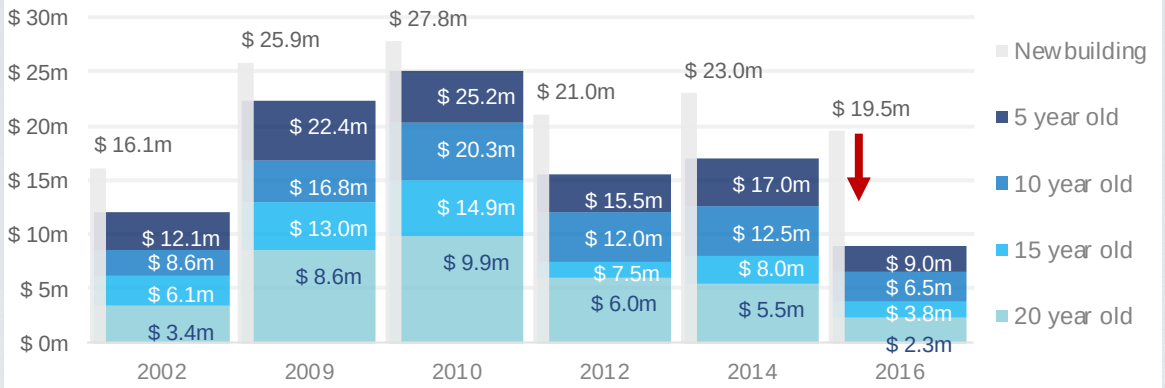
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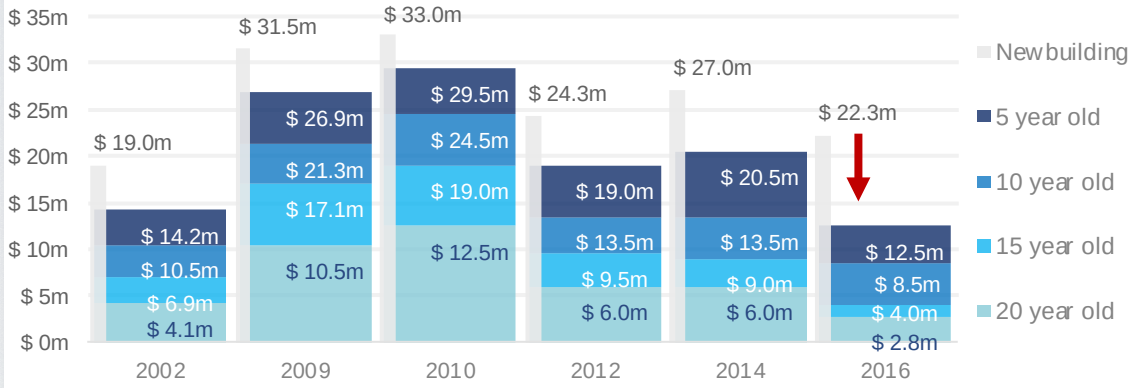
Source: Allied Shipping Research

Dry Bulkers – secondhand asset prices

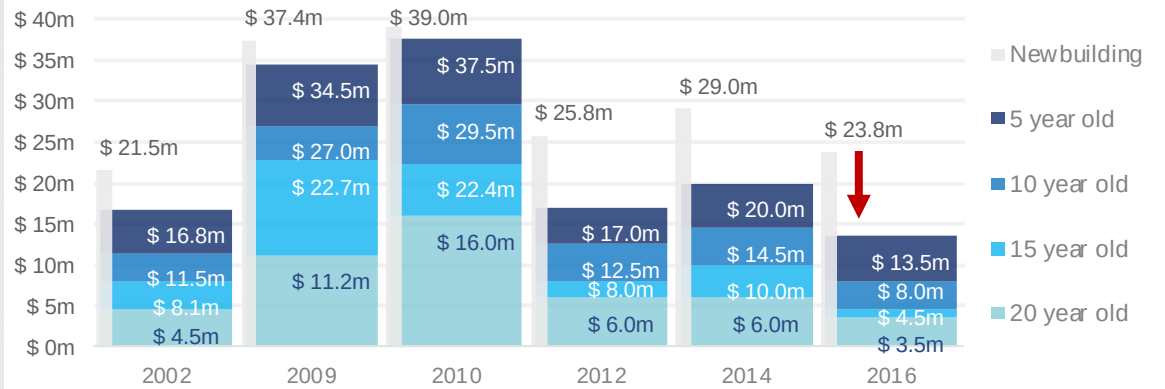
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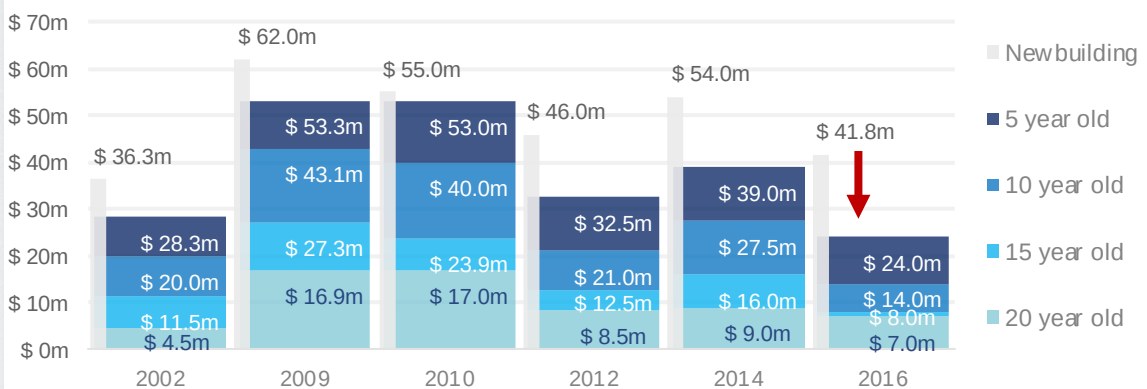
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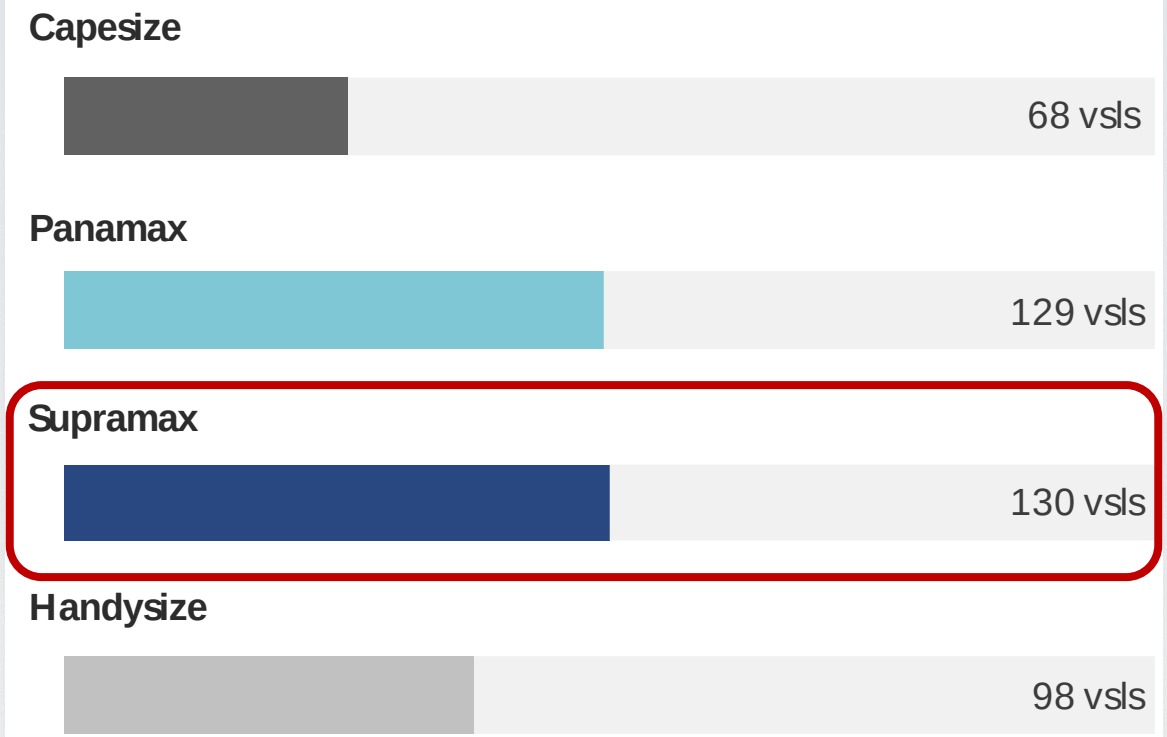
Source: Allied Shipping Research

Section 04

Dry Bulkers – secondhand sale and purchase

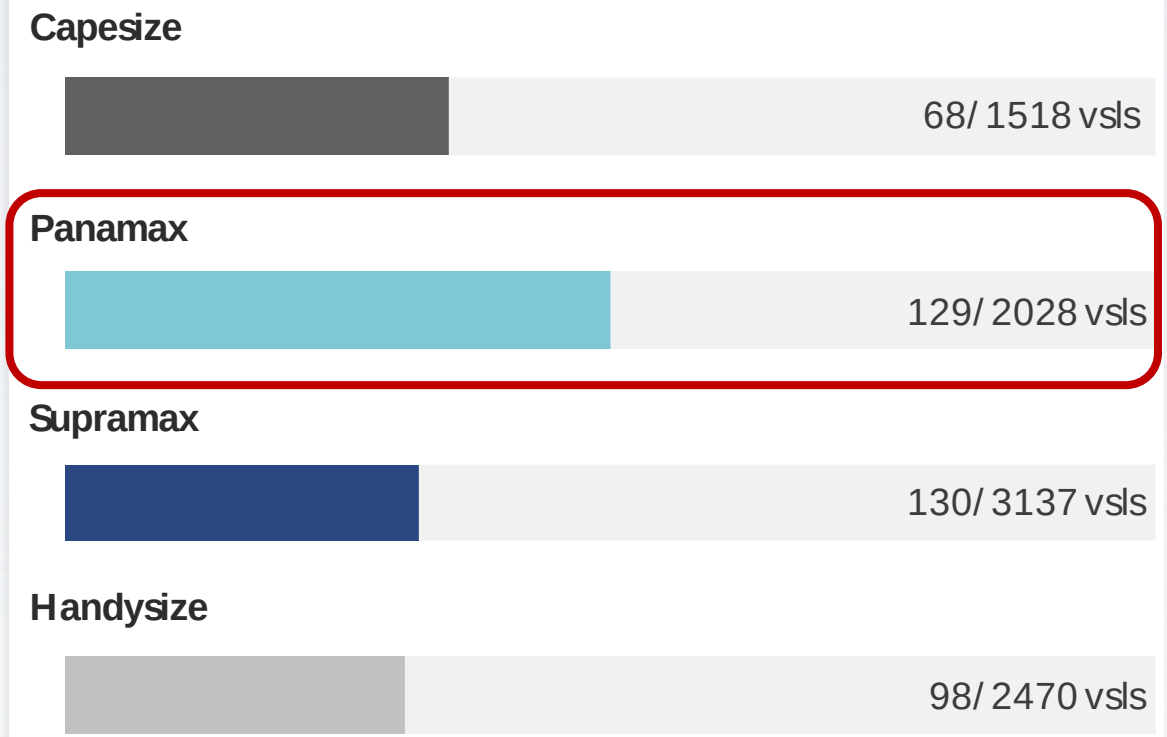
Activity per sector

Number of vessels changing hand since the start of 2016



Activity per sector weighted against fleet size

Index of interest for specific size segments since the start of 2016



Section 04

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Tankers – secondhand asset prices

MR



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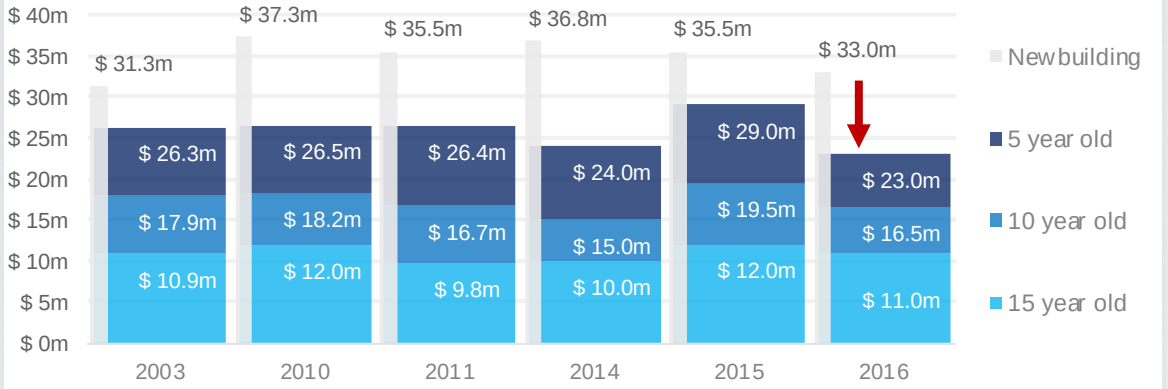


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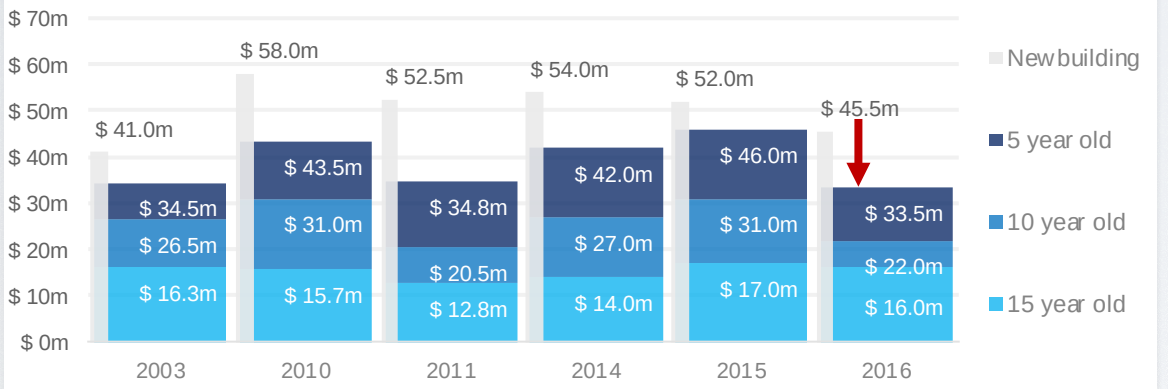
Section 04

Tankers – secondhand asset prices

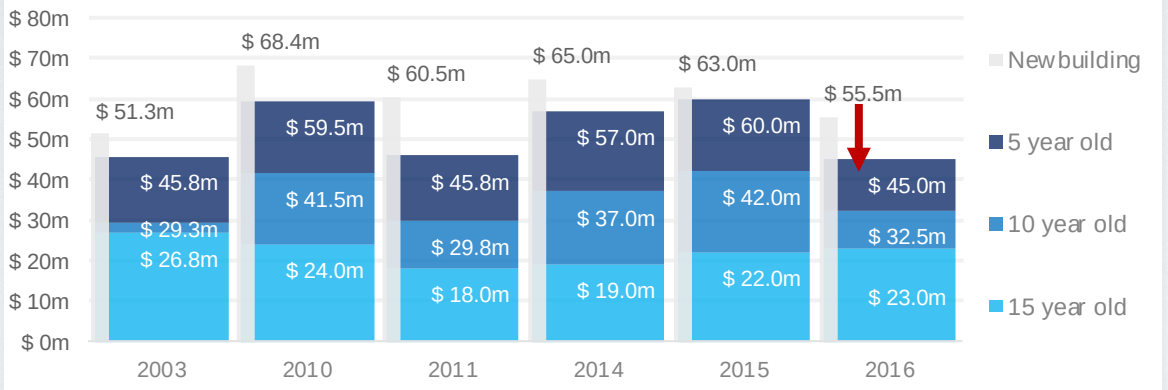
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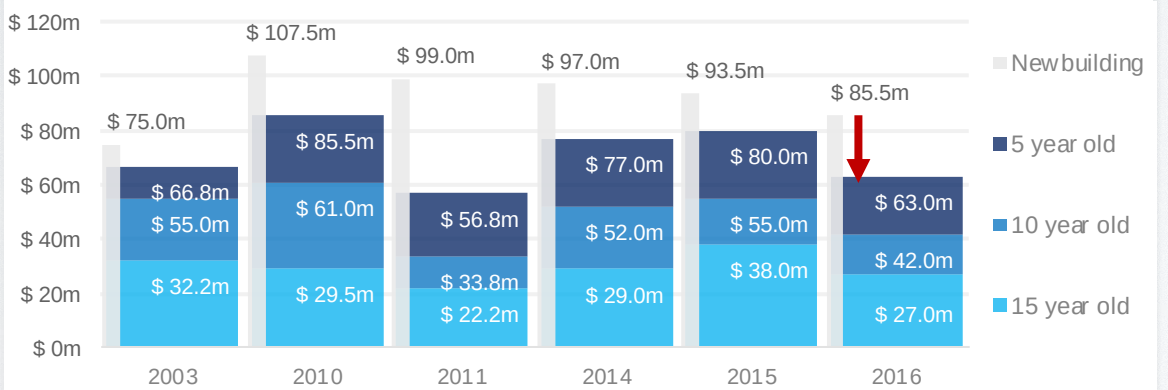
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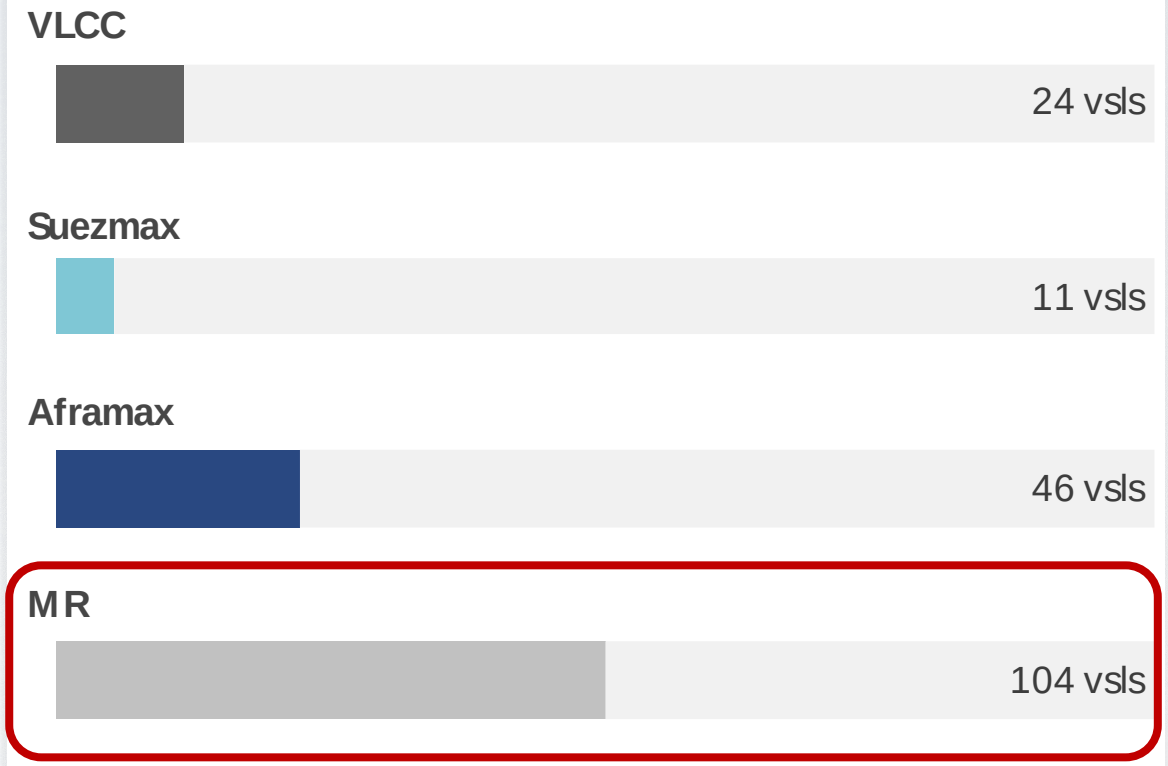


Source: Allied Shipping Research

Tankers – secondhand sale and purchase

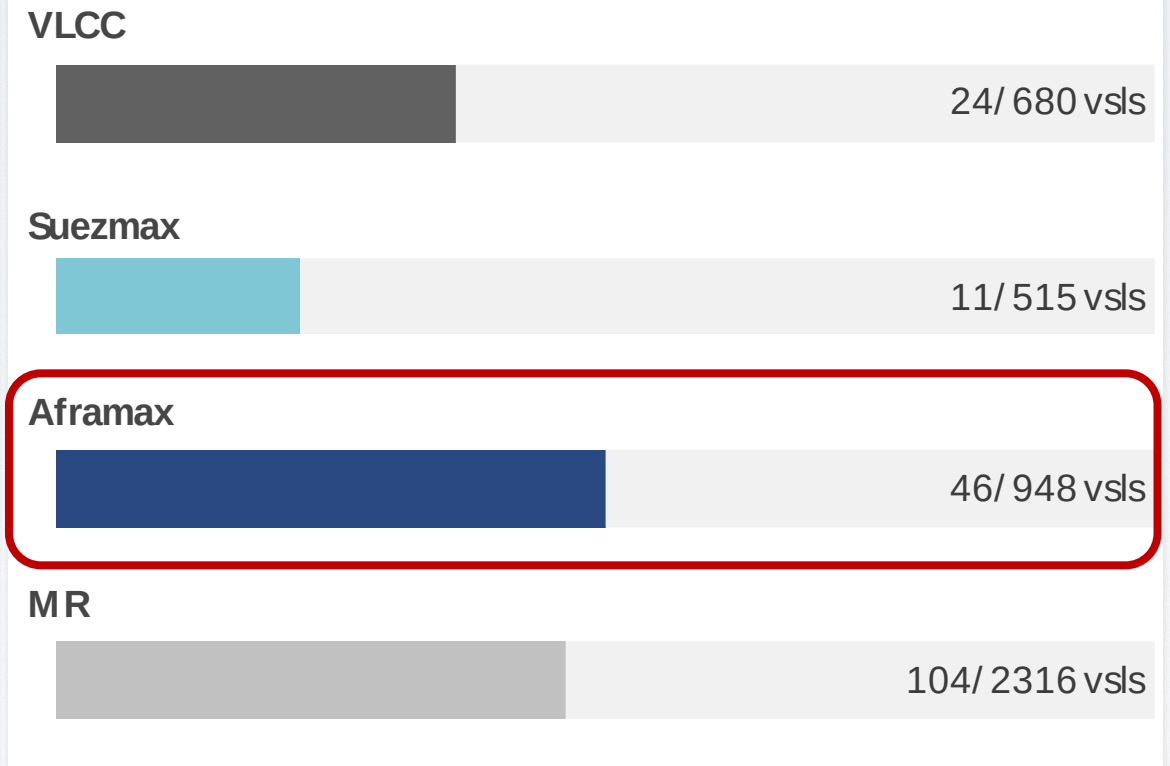
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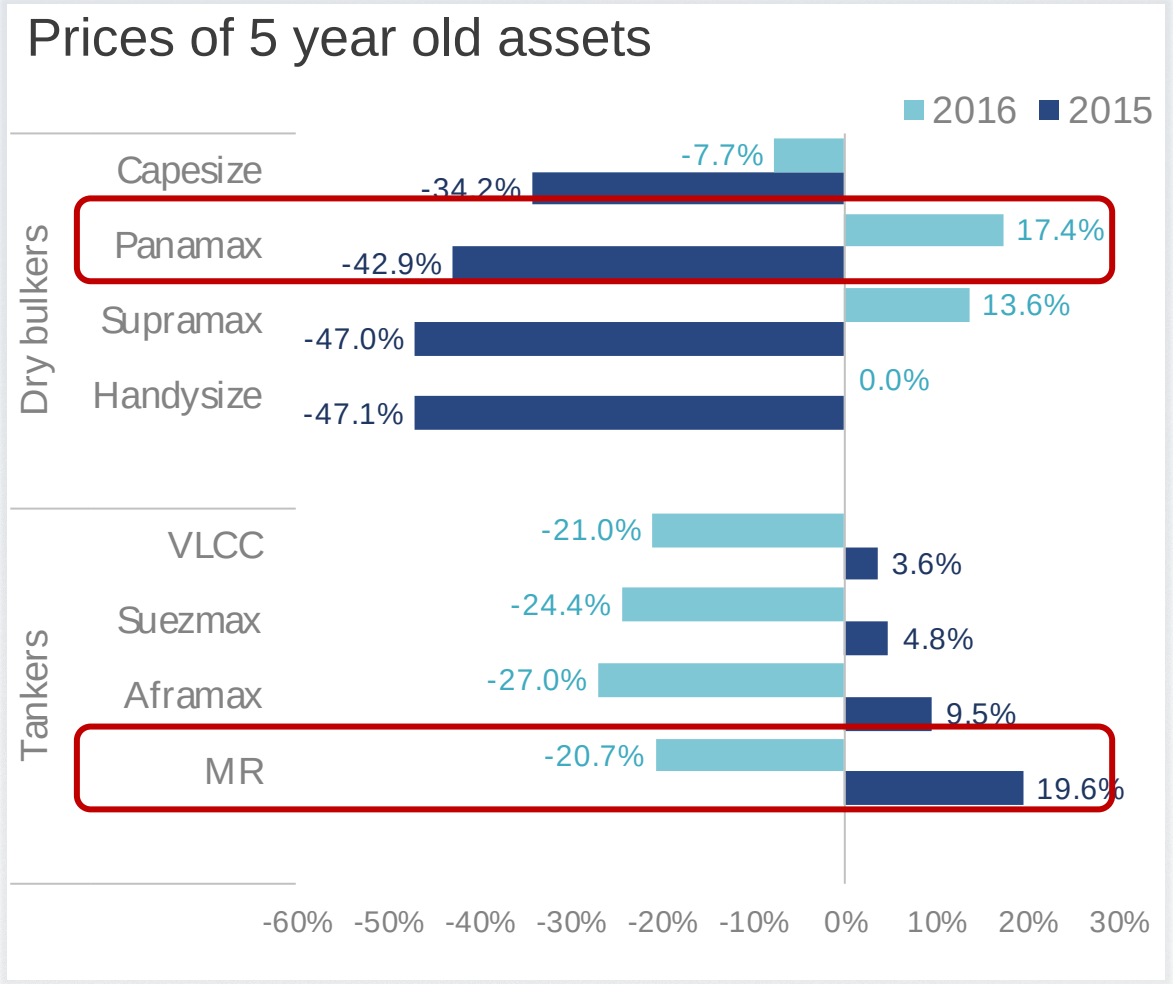
Index of interest for specific size segments since the start of 2016

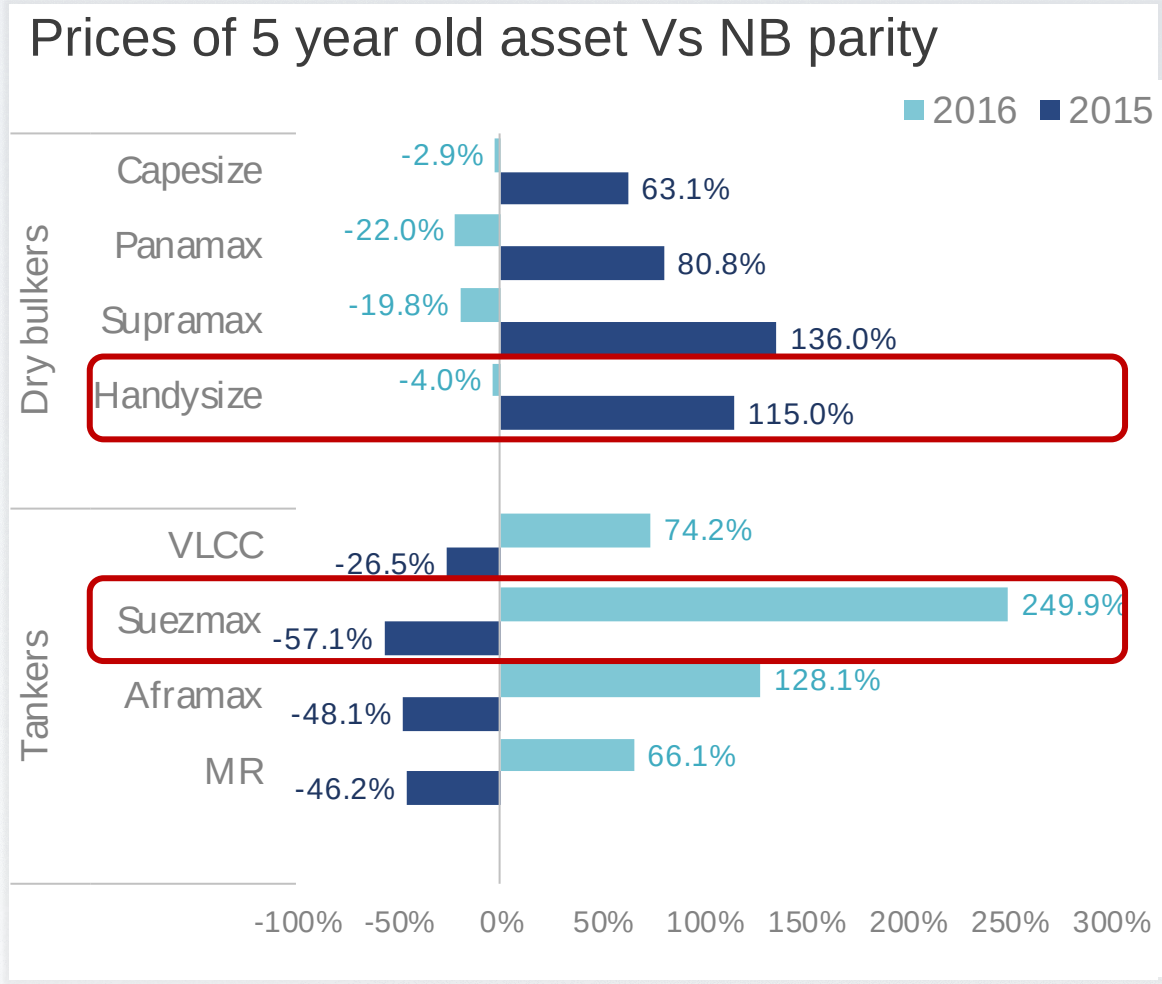


Section 04

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Asset price performance





Section 04

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05

Summary / Conclusion

Summary / Conclusion

- Markets continue to face slow growth in demand
- Fleet growth has been capped fairly well though still lagging
- New orders for newbuildings have been minimal
- The dry bulk freight market continues to struggle
- and asset prices are still holding at relative lows
- The tanker freight market has seen jitters
- and things are starting to feel softer on the SnP
- Opportunities only seen in terms of possible future gains in asset prices

- Possibility for high returns only expected for long term play

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Lloyd's List 2004 GREEK SHIPPING AWARDS SHIPBROKER of the Year

Lloyd's List 2014 GREEK SHIPPING AWARDS SHIPBROKER of the Year

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