

MARINE MONEY

15th Annual Marine Money London Ship Finance Forum

25 January 2024

JW Marriott Grosvenor House on Park Lane, London

EVENT REPORT

IS DOING NOTHING A GOOD STRATEGY

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IS DOING NOTHING A GOOD STRATEGY

Ten years ago we were asking where is the money for shipping coming from. Now we are discussing where is the finance going to. There is no shortage.

It is not instinctive to ship owners to do nothing.

Our **2024 Marine Money London** conference at the JW Marriott Grosvenor House on Park Lane, was a great event attracting over 400 speakers and delegates from some 25 countries. It was an event with enthusiasm, flair and abundance of energy. Shipping is still doing well, the challenges are known and being debated and there is confidence that in the next 5, 10 and 15 years there will be solid progress taking the industry to where it needs to be.

Conference theme **IS DOING NOTHING A GOOD STRATEGY** reflecting these days of industry uncertainty on new technologies, economic uncertainty and global geopolitical concerns. However the message from the day was it is not instinctive to ship owners to do nothing and wait for a certain way forward. Nothing is ever certain in shipping and so be it the next few years.

The room was full throughout the entire conference and the debate in the conference room was matched by the buzz in the networking areas with the whole day being a success in terms of numbers, quality debate, networking opportunities and forward-thinking discussion.

For the best summary of the day please watch the video links of the event at www.marinemoney.com/events-2-0-2/2024-london-ship-finance-forum

In the meantime some of the takeaways from the conference include:

Economic outlook

- *Inflation in major economies is declining but still much above national targets*
- *Consumer confidence in China is weak so the Chinese are not drawing on excess savings to boost the economy*
- *Therefore it is likely massive government stimulus will be required*
- *The long term growth outlook for the Chinese economy is around 4% in the 1920s and 3% in the 1930s*
- *Major economies have maturing demographics with fewer middle bracket ages who are the spenders*
- *First interest rate cuts likely in summer 2024*
- *In the US may see 5 – 6 rate cuts by end 2024, about 125bps*
- *Unemployment rates are still at all time lows in the US and Europe*
- *The oil price may gradually rise over \$100 by 2025*
- *2024 is the biggest election year in history with 8 out of the 10 most populous countries going to the polls, including of course the US, UK and Russia*



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Canals, wars and major challenges

- *A week ago there were no car carrier passages through the Suez Canal for the first time in 30 years, all such vessels going round the cape*
- *In the near term run in the container trades the excess capacity will be used to add the vessels needed to take the extra days going round the cape and costs will thus normalize*
- *Going round the cape is also a logistical problem with some vessels waiting two weeks to refuel*
- *But this disruption will only take last year's deliveries of container ships off the table; it will not bring the 2024 and 2025 deliveries off the table*
- *There appears to be less Chinese trade with the world but it is because SE Asia, with much Chinese input, has increased trade so in terms of tonne miles it is not a great loss*
- *High tech China and high tech growth is real. China produces 35% of the world's EVs.*
- *The Panama Canal disruption made the fleet much more inefficient, especially dry bulk and LPG*
- *Asset values are sticky and high*

Change and planning

- *We must be willing to change. Every decade requires change. It is not a choice but a necessity*
- *Anyone thinking of the future must do so in three stages – planning, adaptation and investment. The heavy investment for shipping in order to make the changes necessary is likely to be in the 2030's.*
- *Green fuels are like instant coffee. We will use them because they are available but not because they are first choice*
- *Carbon capture and nuclear are embryonic but necessary technologies which could fill a gap left by green fuels.*

Sanctions

- *KYC is as long as a piece of string*
- *12% of the international trading fleet of tankers is in the dark fleet*
- *Sanctions are not against Russian oil but an attempt to prevent Russia from excess profiteering*
- *Regulations and sanctions work for the sellers of vessels, but more attention has to be given to future vessel use and ownership*
- *There is a degree of contradictory regulation and policing because we do in fact need Russian oil to fuel the global economy*
- *However in terms of shipping and safety much of the dark fleet is operating outside of the rules based order and this is unacceptable and dangerous*

Finance and Investment

- *There is no point in being a really big company and not take the advantages of that including financial flexibility*
- *Vessels are delivered on time (mostly) , projects do not and this might affect LNG demand in future years*
- *There are fewer attractive deals in the market so there is a lot of interest from the same banks. There is not however a sign that there is excess capital in the market*



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- *If pricing on the top deals continues to decline then some banks may drop away*
- *Basle IV will be a big game changer. More income will be required besides lending and ESG will play a significant role*
- *Margins cannot drop although interest rates may*
- *A good deal is a strong credit, a good sustainability rating, profitable, and demonstrating that the vessels have a pathway through to climate targets. Shorter term maturities also help.*
- *A newbuild vessel takes 7 years to neutralize the carbon footprint that has been created to construct it. Only after that is there any real net benefit. Therefore there is a preference for attractive existing ships which can be retrofitted*
- *All investments in shipping have their own lives, each taking a different direction*
- *Diversification is preferred because we are all painfully aware that we do not know where the market is going*
- *There is little attraction in making a speculative investment in a new technology without a water tight charter and secured fuel*

The conference ended with a room still packed and the discussion continued into the closing cocktail. Marine Money London is a popular first event of the year – and 2024 was no exception. The message was optimistic though with challenges. But each decade for the past half century has been a challenge and shipping always come out the other side. Why not this time.



Our next event in London will be on 23 January 2025 and we look forward to seeing you again there.

Video Recordings & Presentations www.marinemoney.com/events-2-0-2/2024-london-ship-finance-forum

Photo Album www.flickr.com/photos/marinemoney/albums/72177720314423017/with/53495511971

Agenda www.marinemoney.com/events-2-0-2/2024-london-ship-finance-forum

PRESS COVERAGE *at 30 January 2024*

Veteran shipping economist says he doesn't like green fuels

<https://shippingwatch.com/people/article16792841.ece>

26-01-2024 SHIPPINGWATCH (EN)

By NIDAA BAKHSH

Martin Stopford lays out three-stage energy transition plan for shipowners

<https://www.tradewindsnews.com/sustainability/martin-stopford-lays-out-three-stage-energy-transition-plan-for-shipowners/2-1-1588864>

25 January 2024 14:53 GMT UPDATED 25 January 2024 15:13 GMT

By Lucy Hine

'A lot of money available': How to secure a \$1bn shipping loan, by those who have done it

<https://www.tradewindsnews.com/finance/a-lot-of-money-available-how-to-secure-a-1bn-shiping-loan-by-those-who-have-done-it/2-1-1588897>

25 January 2024 15:20 GMT UPDATED 25 January 2024 22:02 GMT

By Andy Pierce

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Prominent shipbroker says 'everybody knows' how to sell tankers to fund Russia's war and get away with it
<https://www.lloydlist.com/LL1148060/Prominent-shipbroker-says-everybody-knows-how-to-sell-tankers-to-fund-Russias-war-and-get-away-with-it>

25 Jan 2024, News

By Michelle Wiese Bockmann

Red Sea 'car-carrier free for first time in 30 years'

<https://www.tradewindsnews.com/containers/red-sea-car-carrier-free-for-first-time-in-30-years-/2-1-1588676>

25 January 2024 12:06 GMT UPDATED 25 January 2024 13:29 GMT

By Paul Peachey

Next generation of LNG newbuildings will need to be capable of carrying ammonia

<https://www.tradewindsnews.com/gas/next-generation-of-lng-newbuildings-will-need-to-be-capable-of-carrying-ammonia/2-1-1588652>

25 January 2024 14:09 GMT UPDATED 26 January 2024 8:16 GMT

By Lucy Hine

US aims for 'scalps and fines' as it steps up price cap probes

<https://www.tradewindsnews.com/tankers/us-aims-for-scalps-and-fines-as-it-steps-up-price-cap-probes/2-1-1588937>

25 January 2024 15:54 GMT UPDATED 25 January 2024 20:05 GMT

By Paul Peachey

'Toxic fleet' of US-sanctioned Russia dark fleet owner Hennessea Holdings means company is 'done'

<https://www.lloydlist.com/LL1148058/Toxic-fleet-of-US-sanctioned-Russia-dark-fleet-owner-Hennessea-Holdings-means-company-is-done>

25 Jan 2024, News

By Michelle Wiese Bockmann

Shipping starts scenario planning for long-term disruption

<https://www.lloydlist.com/LL1148064/Shipping-starts-scenario-planning-for-long-term-disruption?vid=Maritime&processId=ec4b599f-f9d4-4bed-9b05-3480f5fb6f00>

26 Jan 2024, NEWS

By Richard Meade

Headed to \$90? Jefferies analyst latest to hike all things Scorpio on products surge

<https://www.tradewindsnews.com/finance/headed-to-90-jefferies-analyst-latest-to-hike-all-things-scorpio-on-products-surge/2-1-1589502>

26 January 2024 16:10 GMT UPDATED 26 January 2024 16:32 GMT

By Joe Brady

Black swans bring shipping back as a mainstream investment

<https://www.tradewindsnews.com/finance/black-swans-bring-shipping-back-as-a-mainstream-investment/2-1-1588953>

26 January 2024 12:26 GMT UPDATED 26 January 2024 15:12 GMT

By Holly Birkett

'US can drop all the bombs in the world': Egypt key to unlocking Red Sea shipping crisis

<https://www.tradewindsnews.com/finance/-us-can-drop-all-the-bombs-in-the-world-egypt-key-to-unlocking-red-sea-shipping-crisis/2-1-1589115>

26 January 2024 8:42 GMT UPDATED 26 January 2024 15:06 GMT

By Andy Pierce

'Lending for lending's sake has to stop', say banks as rules and decarbonisation bite

<https://www.tradewindsnews.com/finance/-lending-for-lending-s-sake-has-to-stop-say-banks-as-rules-and-decarbonisation-bite/2-1-1589002>

26 January 2024 6:35 GMT UPDATED 26 January 2024 11:44 GMT

By Julian Bray

Price pressures will push consolidation from public to private shipowners, says top banker

<https://www.tradewindsnews.com/finance/price-pressures-will-push-consolidation-from-public-to-private-shipowners-says-top-banker/2-1-1589012>

26 January 2024 1:50 GMT UPDATED 26 January 2024 11:30 GMT

By Andy Pierce

Citi's shipping chief says consolidation will happen naturally over time

<https://shippingwatch.com/suppliers/article16794663.ece>

30/01/2024 at 13:48 SUPPLIERS

BY NIDAA BAKHSH

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Upcoming events info are at <https://www.marinemoney.com/events-2-0>



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