



## **Demand, Deliveries, Decarbonisation, Deviation and Disruption – what will drive the markets this year and beyond?**

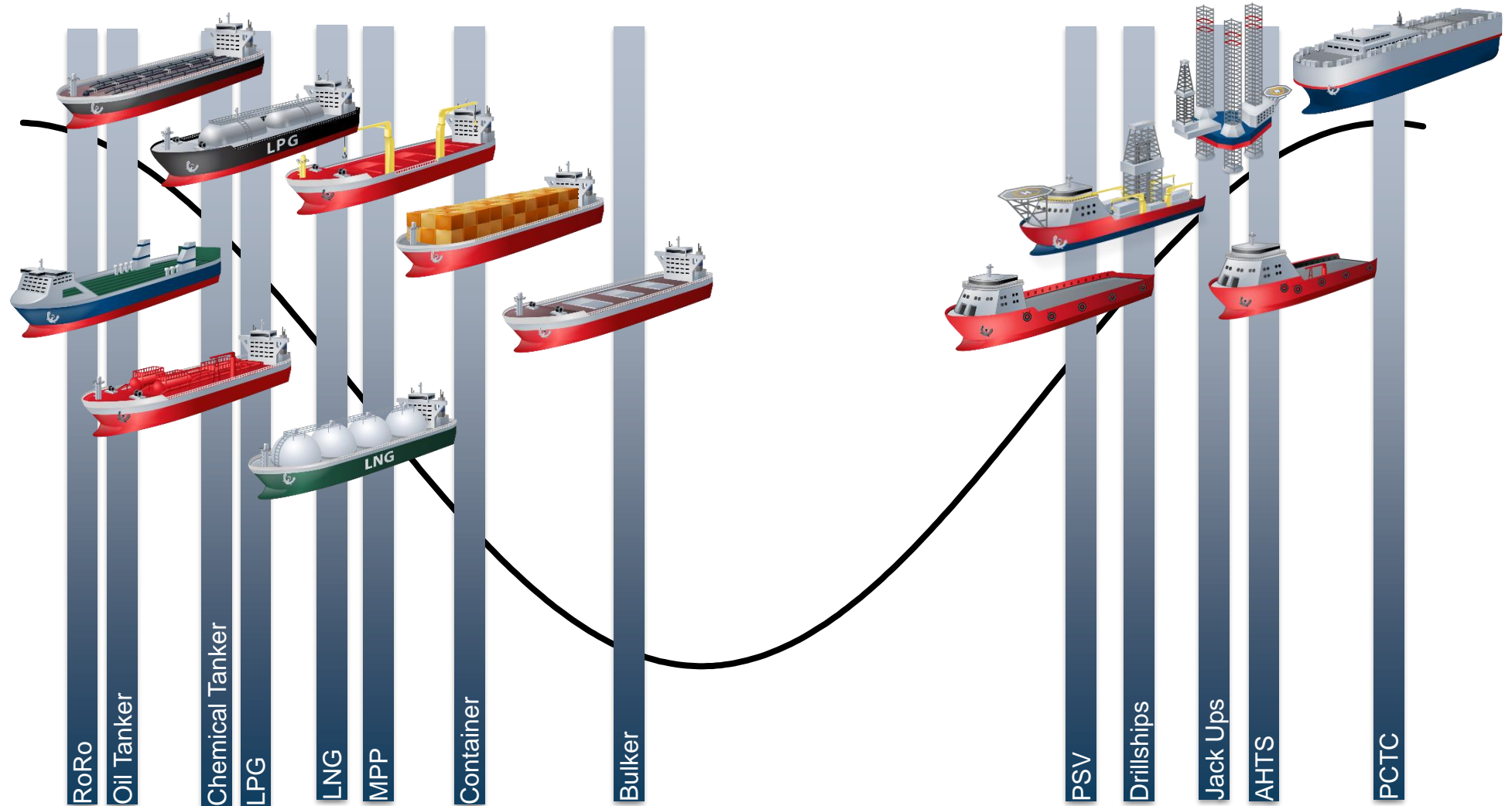
Dr Adam Kent – Maritime Strategies International (MSI)  
22<sup>nd</sup> Marine Money Hamburg – 28<sup>th</sup> February 2024



# Current Earnings

## Where are we on the cycle?

- [Intro](#)
- Demand
- Deliveries
- Decarbonisation
- Deviation & Disruption
- Earnings & Values



Note: Schematic for illustrative purposes only!





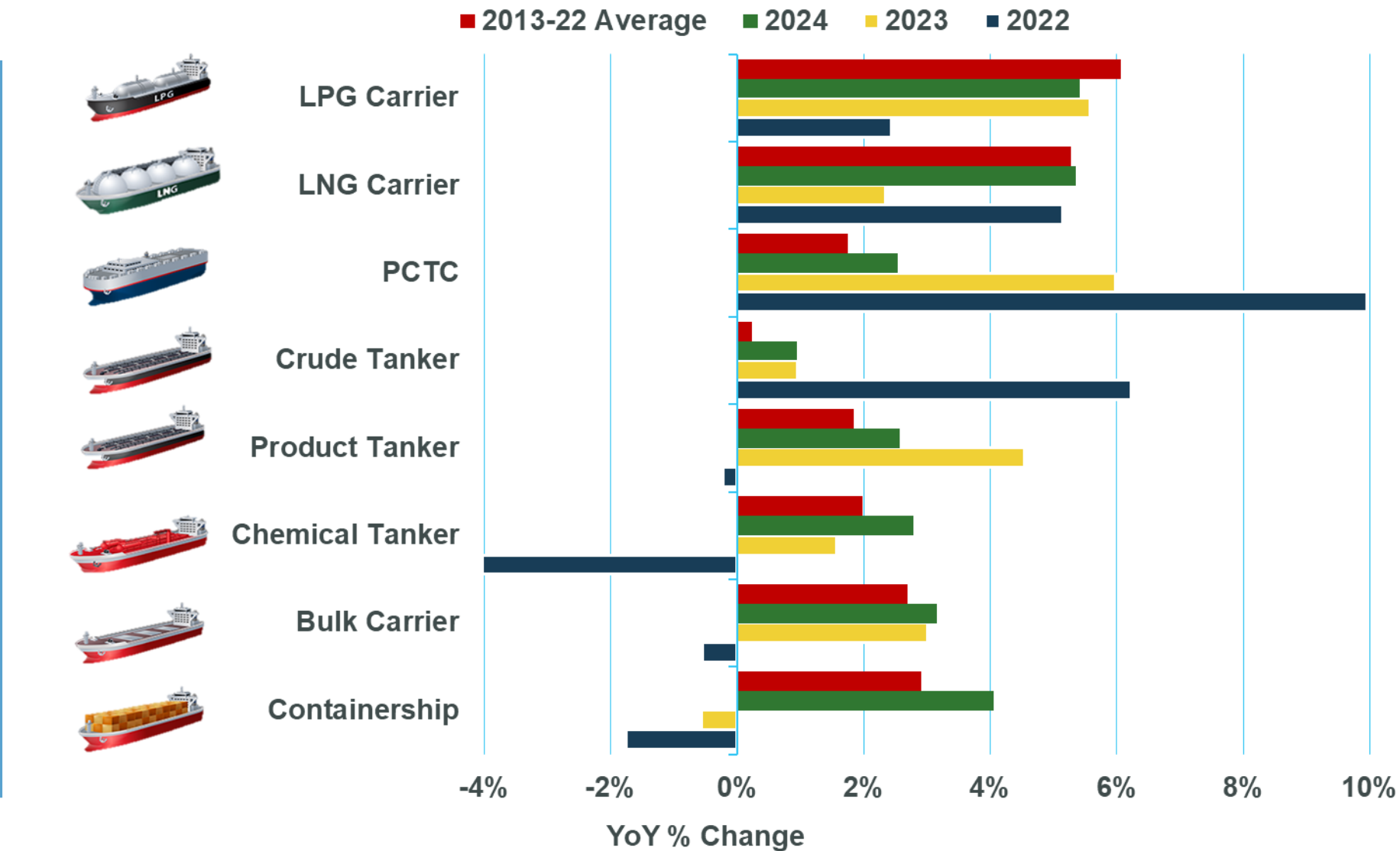
# Demand

The five D's - what will drive the markets this year and beyond?

# Cargo Growth

2023 a better year for most sectors

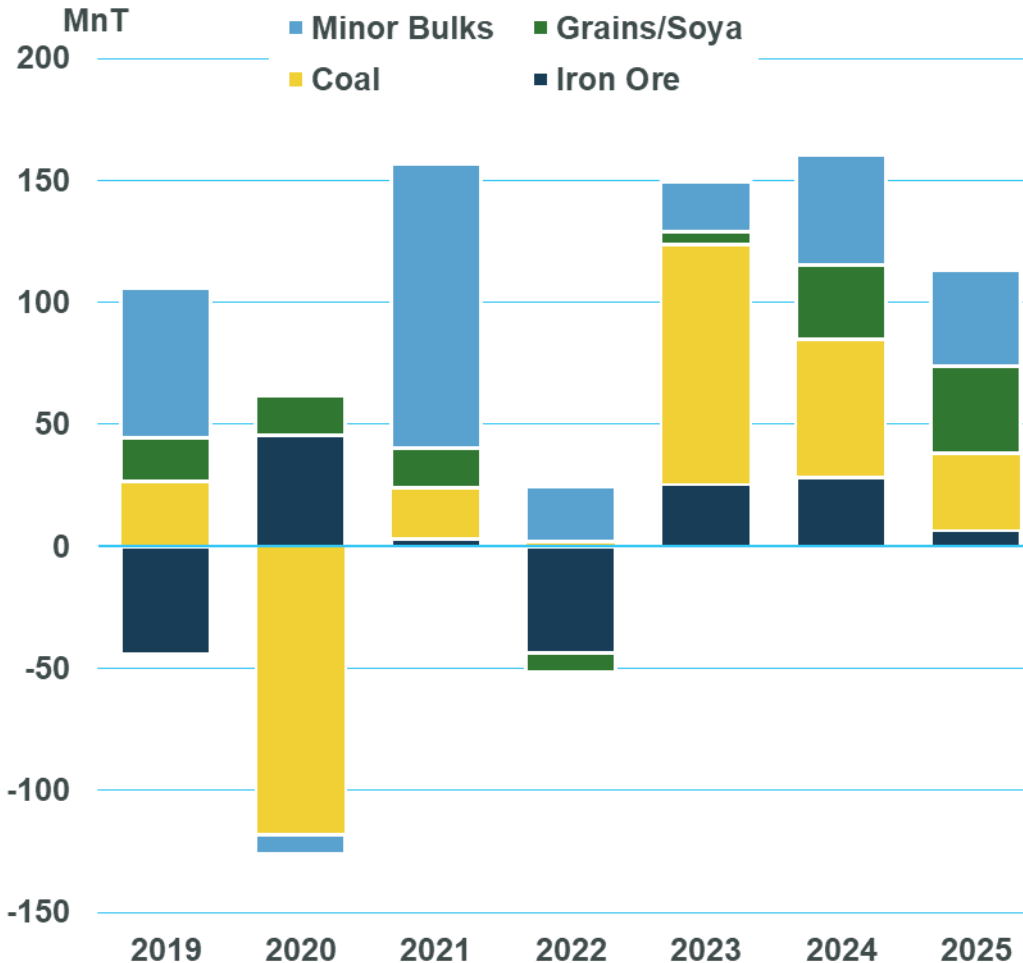
- Intro
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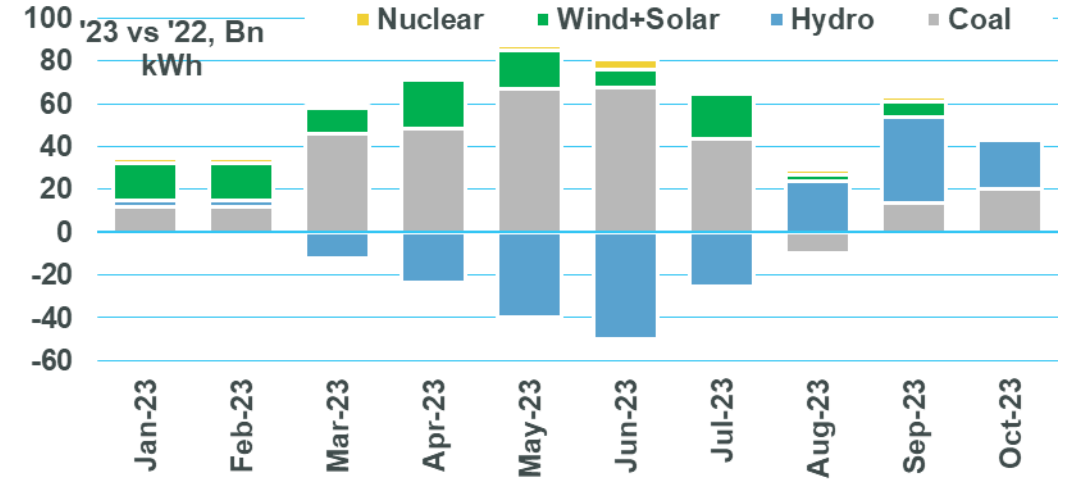
# Dry Bulk

## Coal has recently been the swing factor

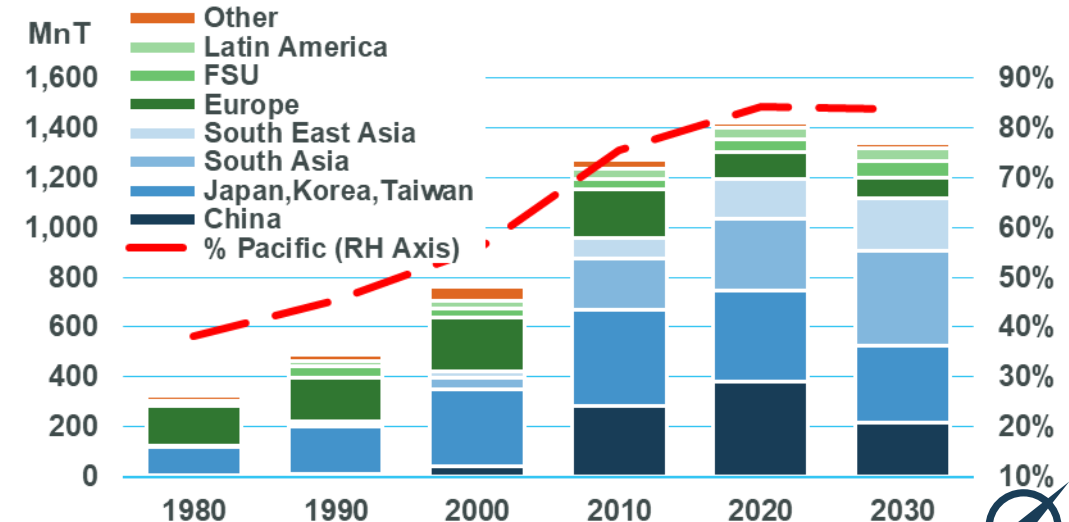
Incremental Seaborne Trade by Commodity Grouping



China Power Generation During 2023 – Coal to the Rescue



Coal Import Dynamics – Longer Term Context

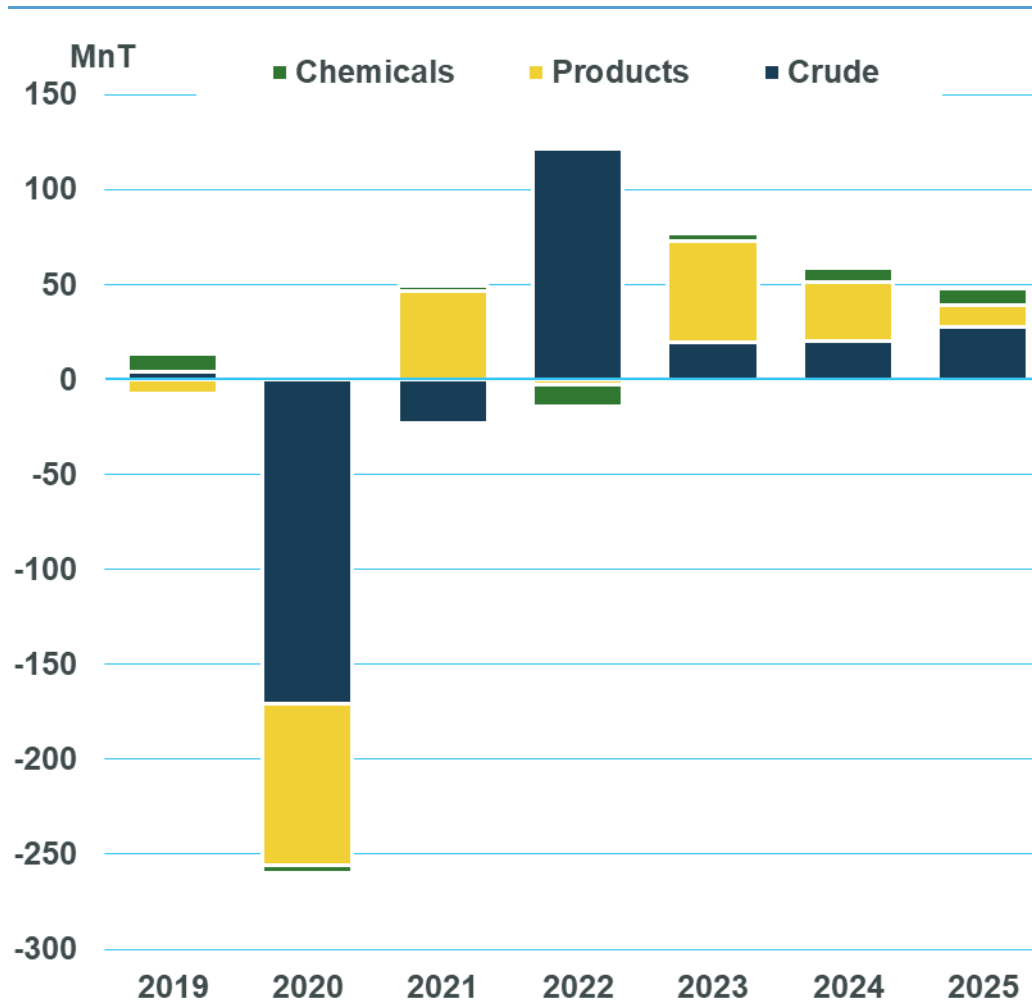


# Oil Tankers

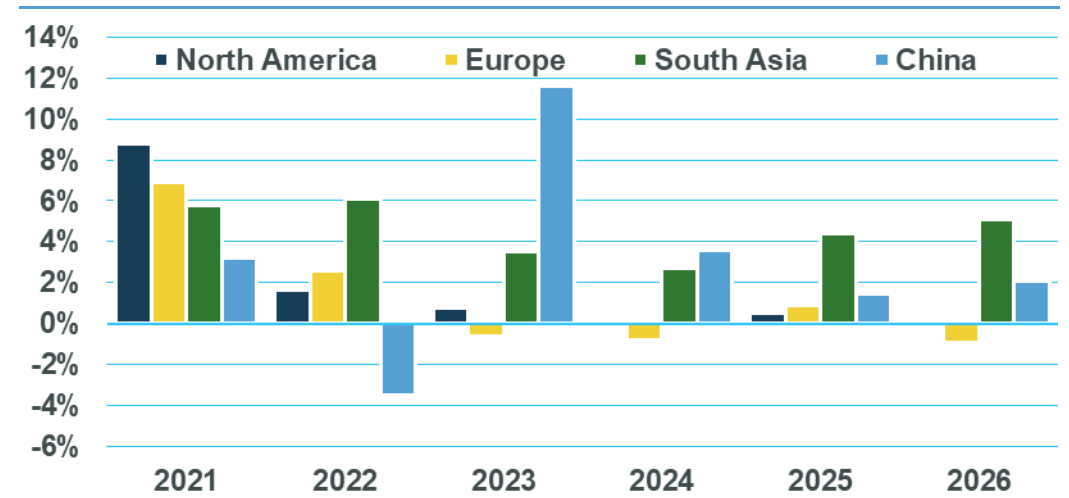
## Regional demand shift

- Intro
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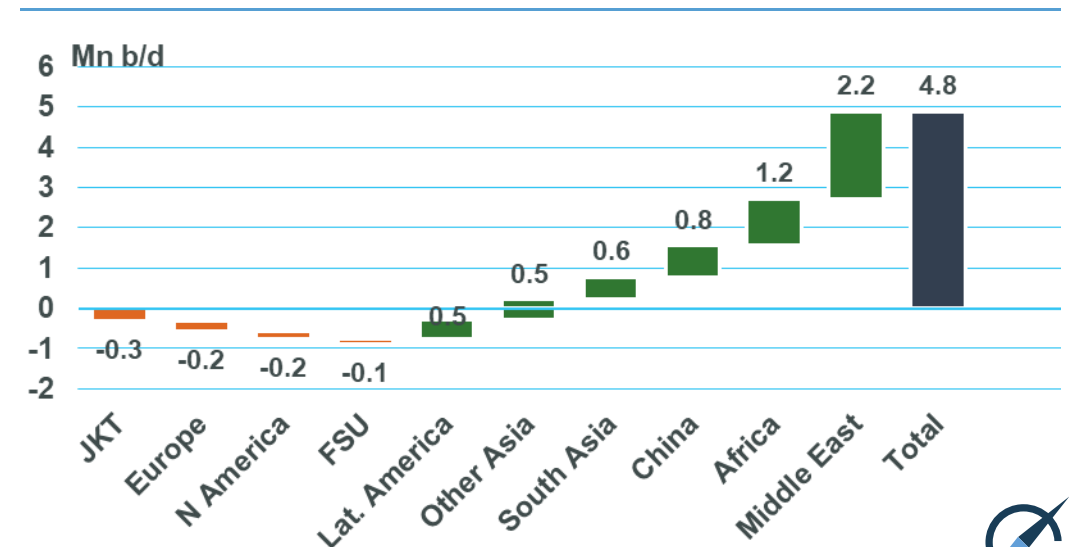
Incremental Seaborne Trade by Oil/Chem Cargo



Regional Oil Demand Growth



Net Change in Forecast Refinery Capacity 2023-2027

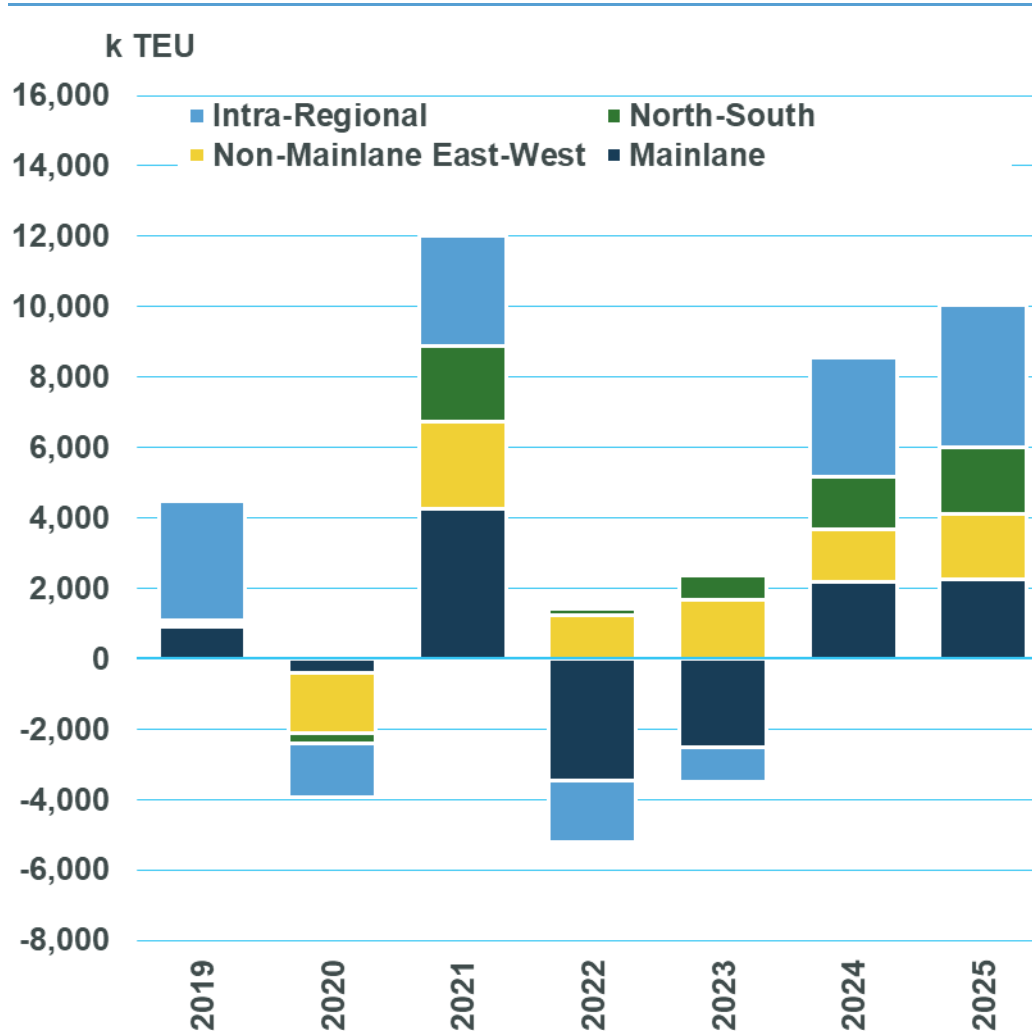


# Containers

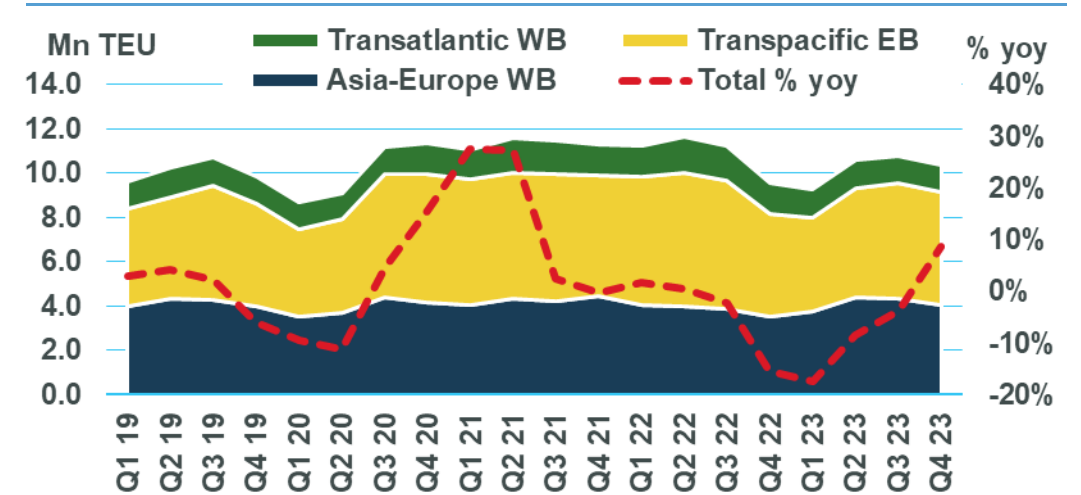
All trades pulling in one direction hereon in

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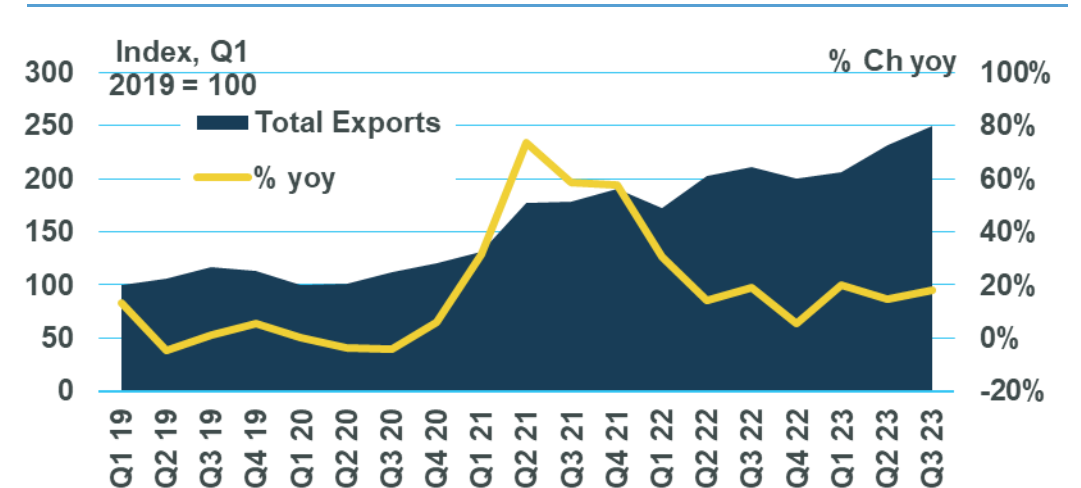
Incremental Container Trade by Route



Mainlane Quarterly Headhaul Volumes, 2019-2023



Estimated Chinese Containerised Exports to Mexico

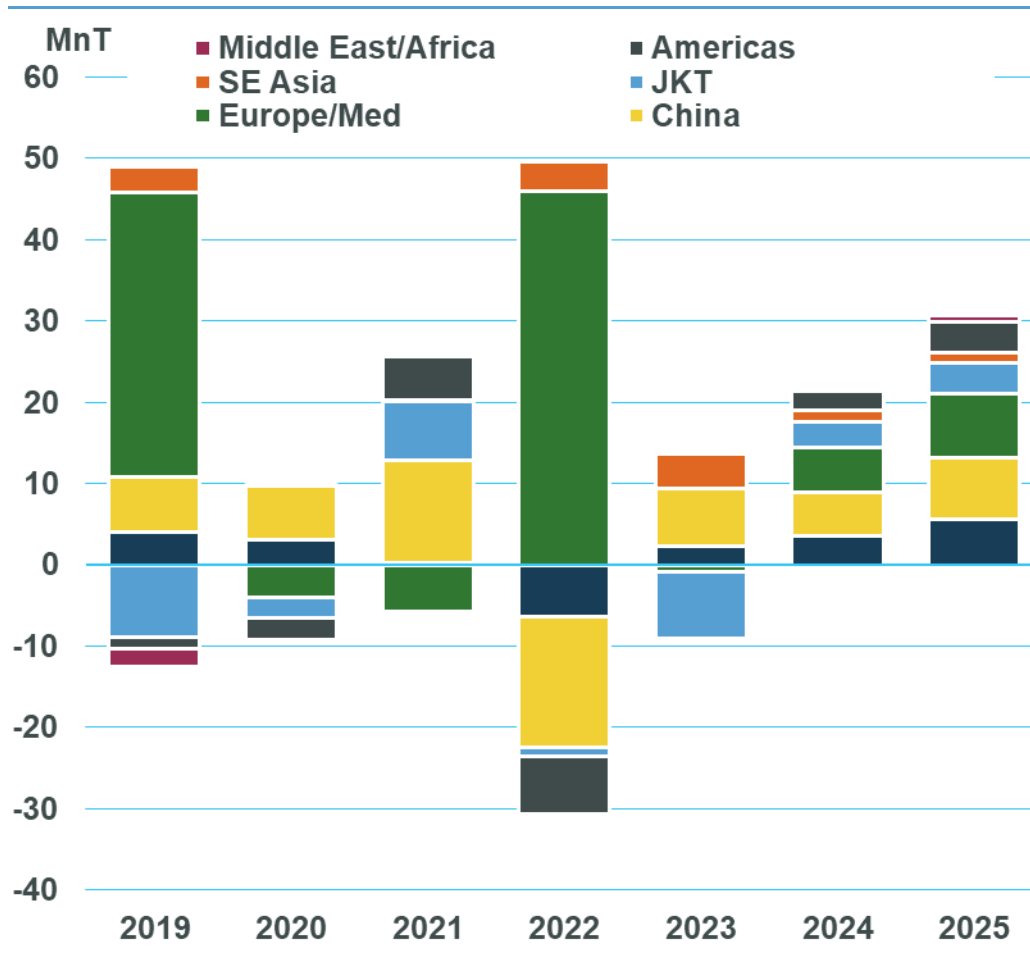


# Gas Carriers

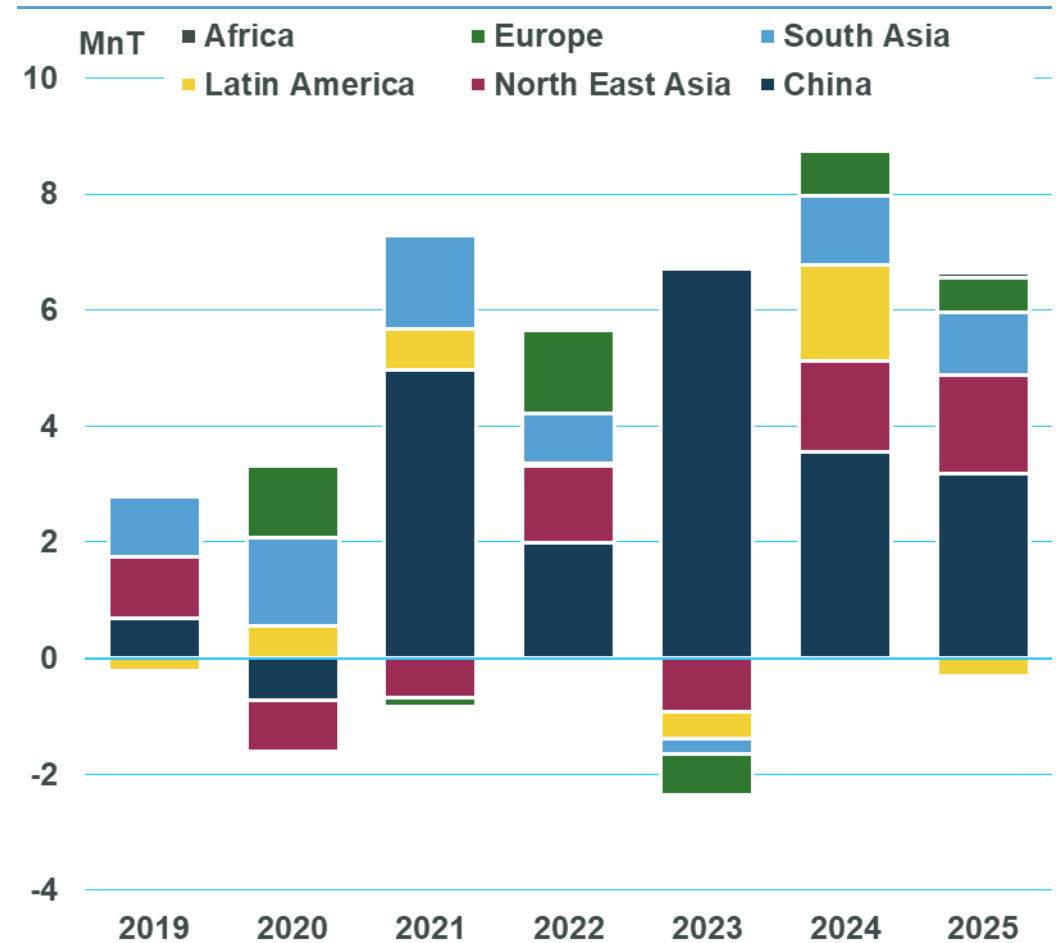
## Regional importer swings

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LNG Incremental Imports by Region



LPG Incremental Imports by Region





A large industrial shipyard or port facility. In the foreground, a massive yellow gantry crane dominates the left side. In the center, a large blue and red container is being lifted or moved. The background shows other cranes, industrial buildings, and a body of water under a blue sky with scattered clouds.

# Deliveries

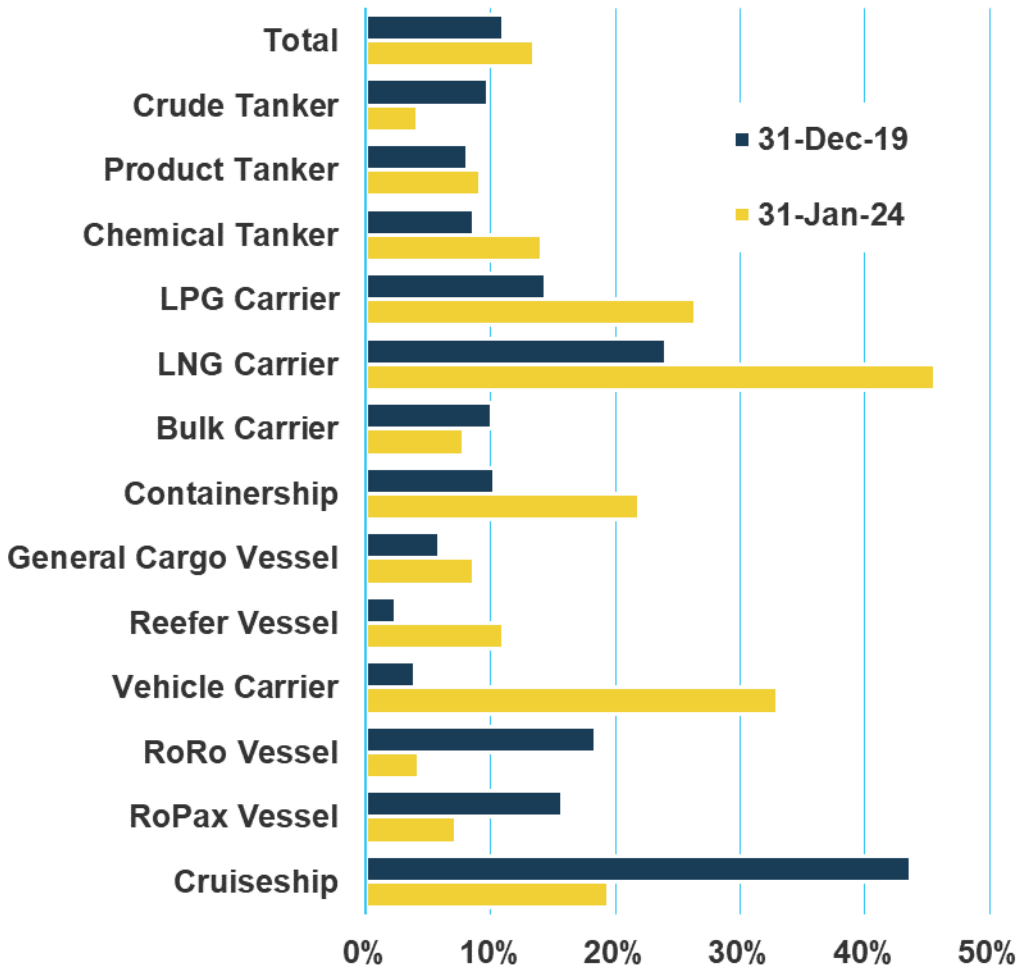
The five D's - what will drive the markets this year and beyond?

# Fleet Orderbook and Age Profile

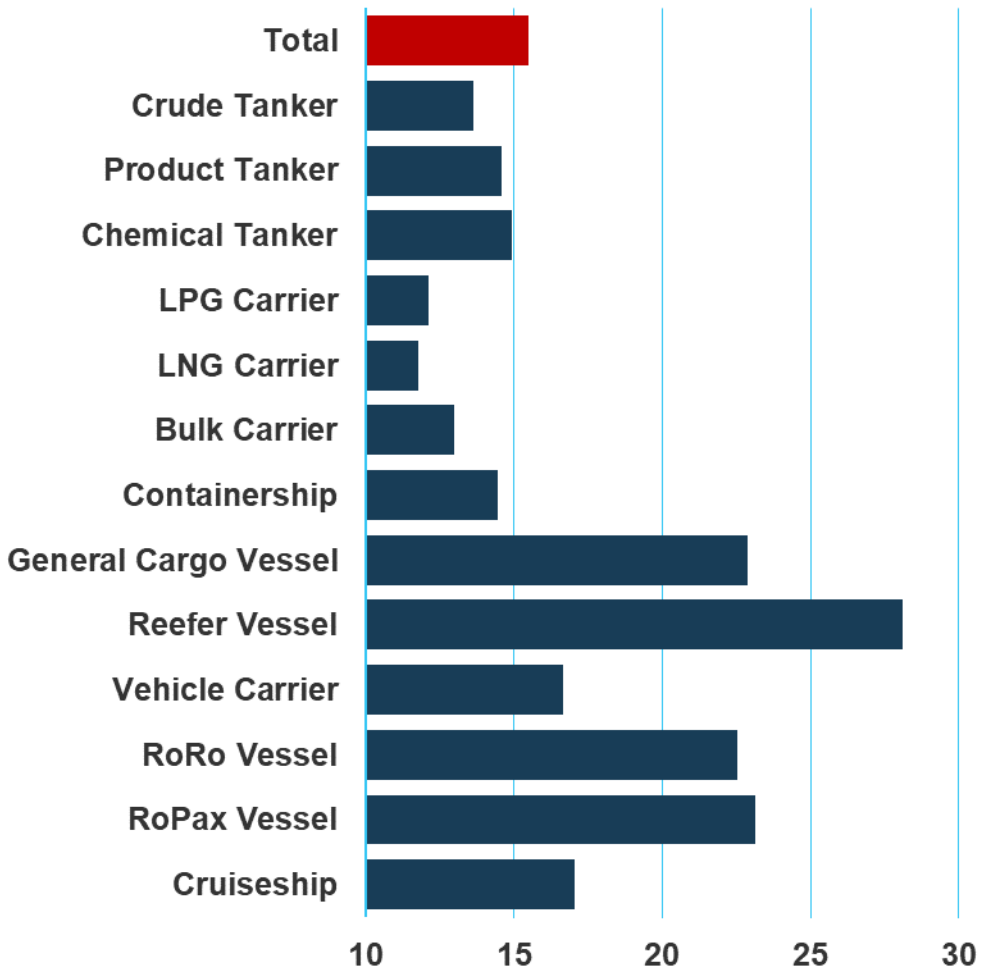
Most sectors well balanced

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Orderbook as % of Fleet



Fleet Average Age by Ship Type

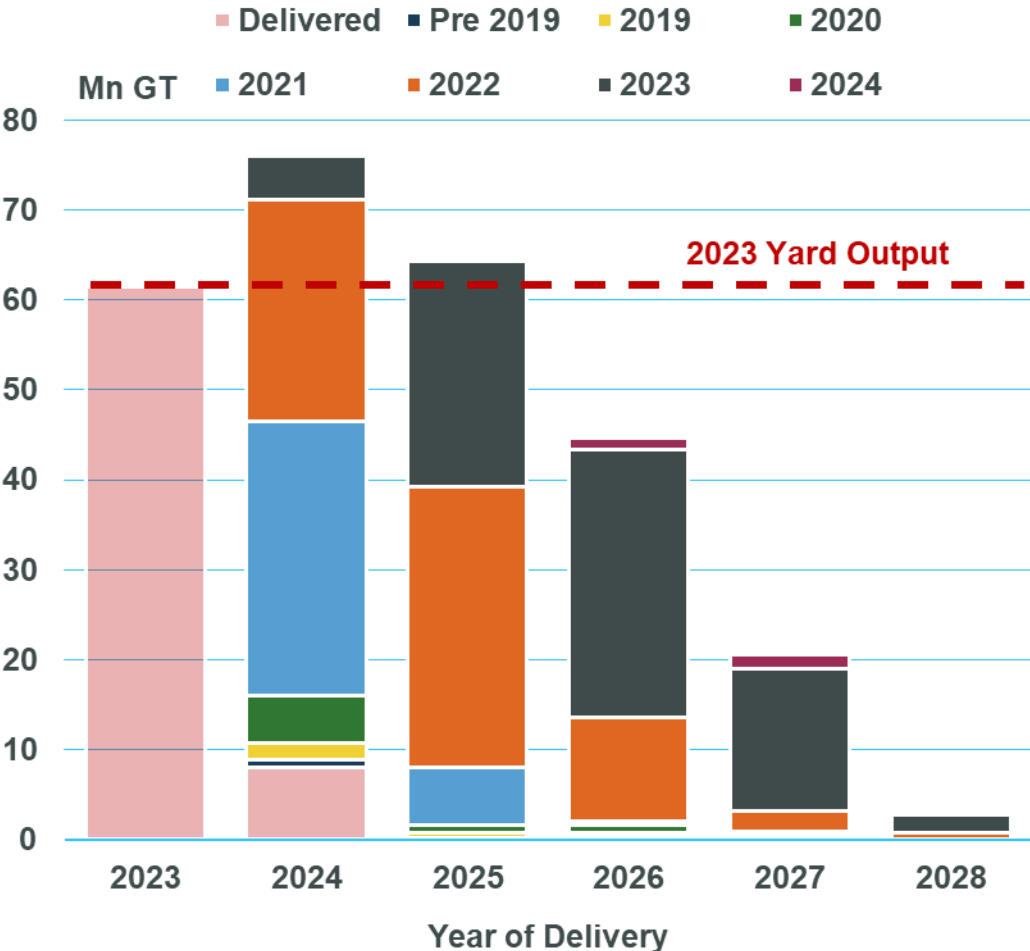


# Orderbook Front Loaded

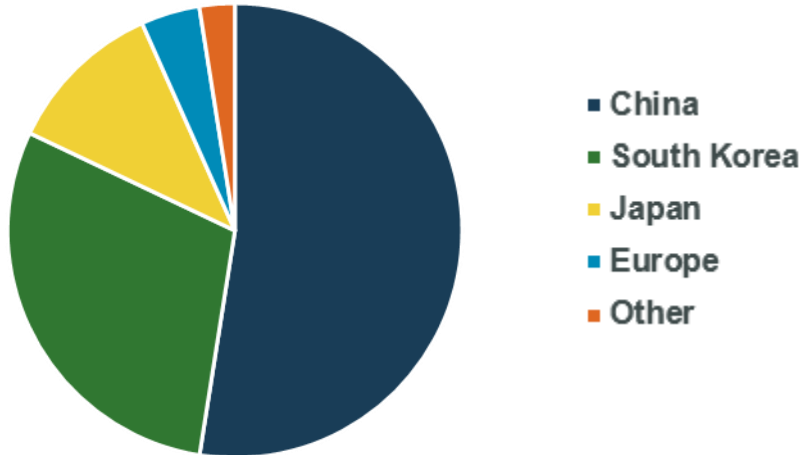
## Slippage inevitable

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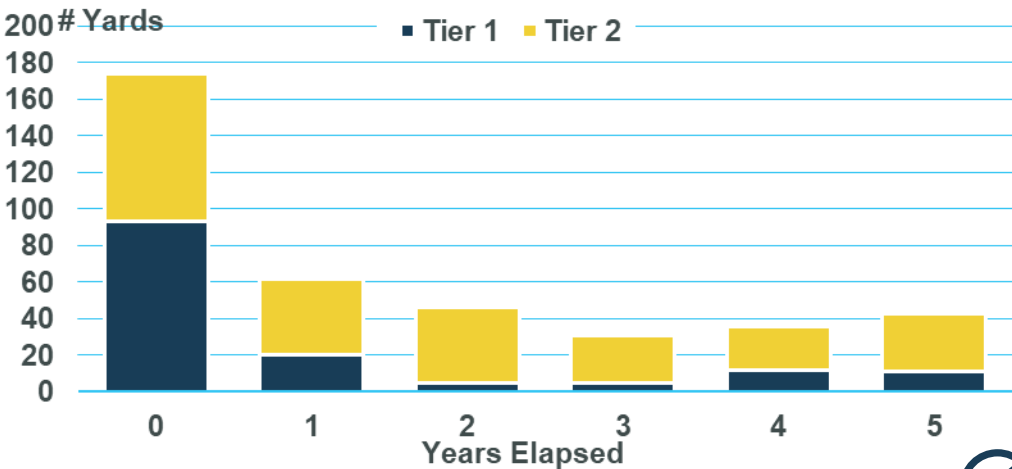
Scheduled Orderbook by Contract Year



Orderbook Share by Shipbuilding Nation



Number of Years Since Last Shipyard Order







# Decarbonisation

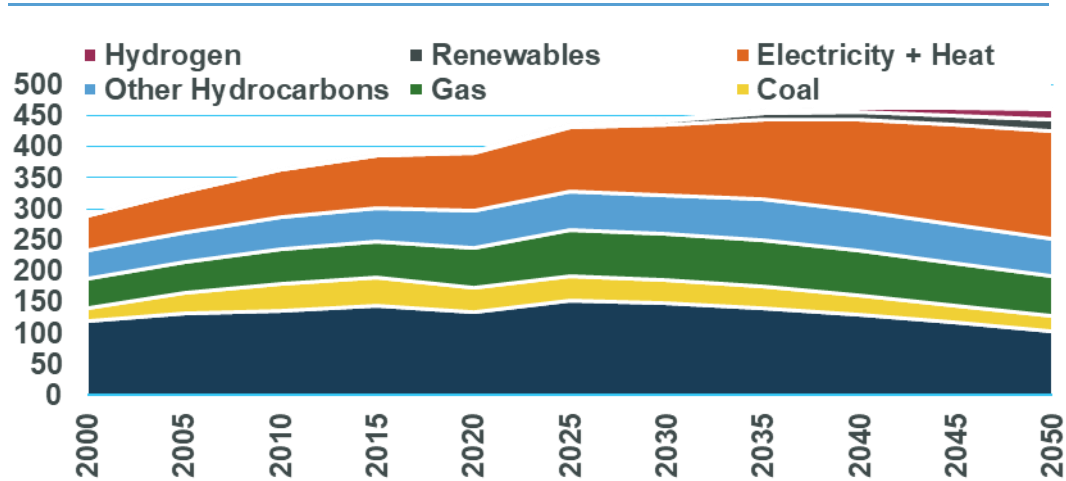
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# Energy Transition

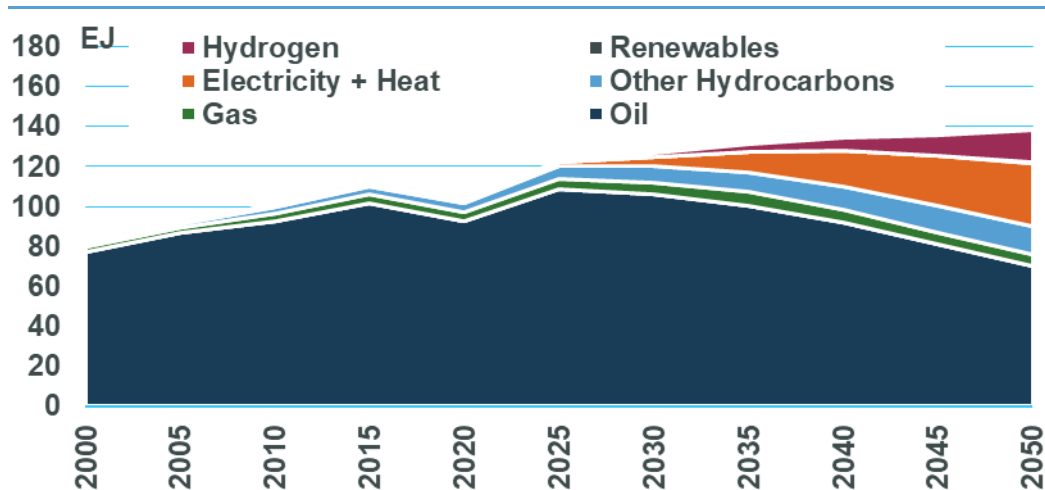
We've entered the transition stage

- Intro
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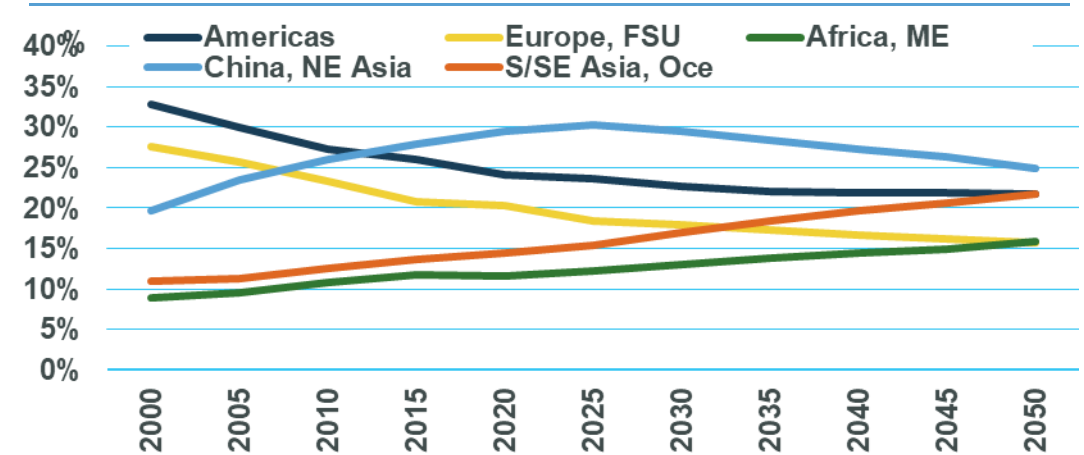
Final Consumption - Fuel Type



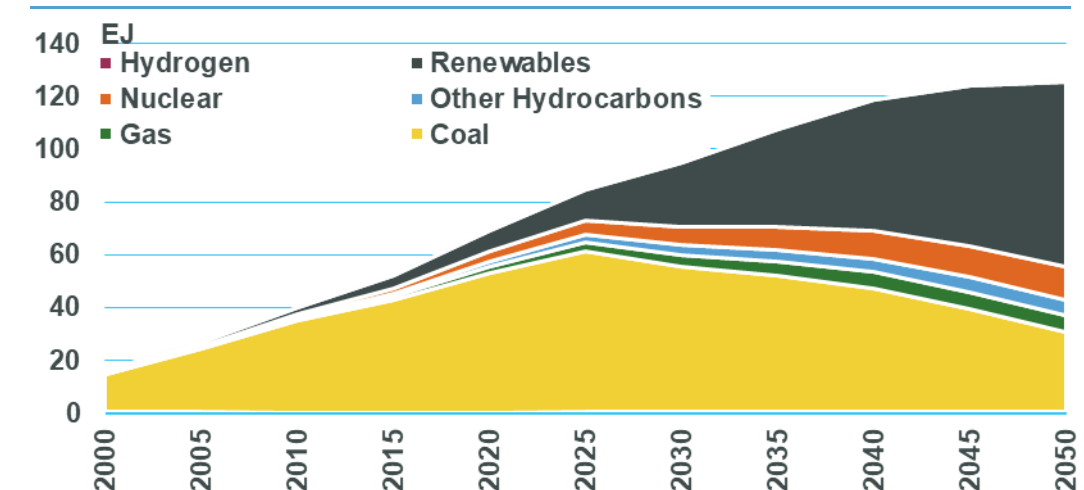
Final Consumption - Transport



Final Consumption – Regional Share



Chinese Electricity Generation



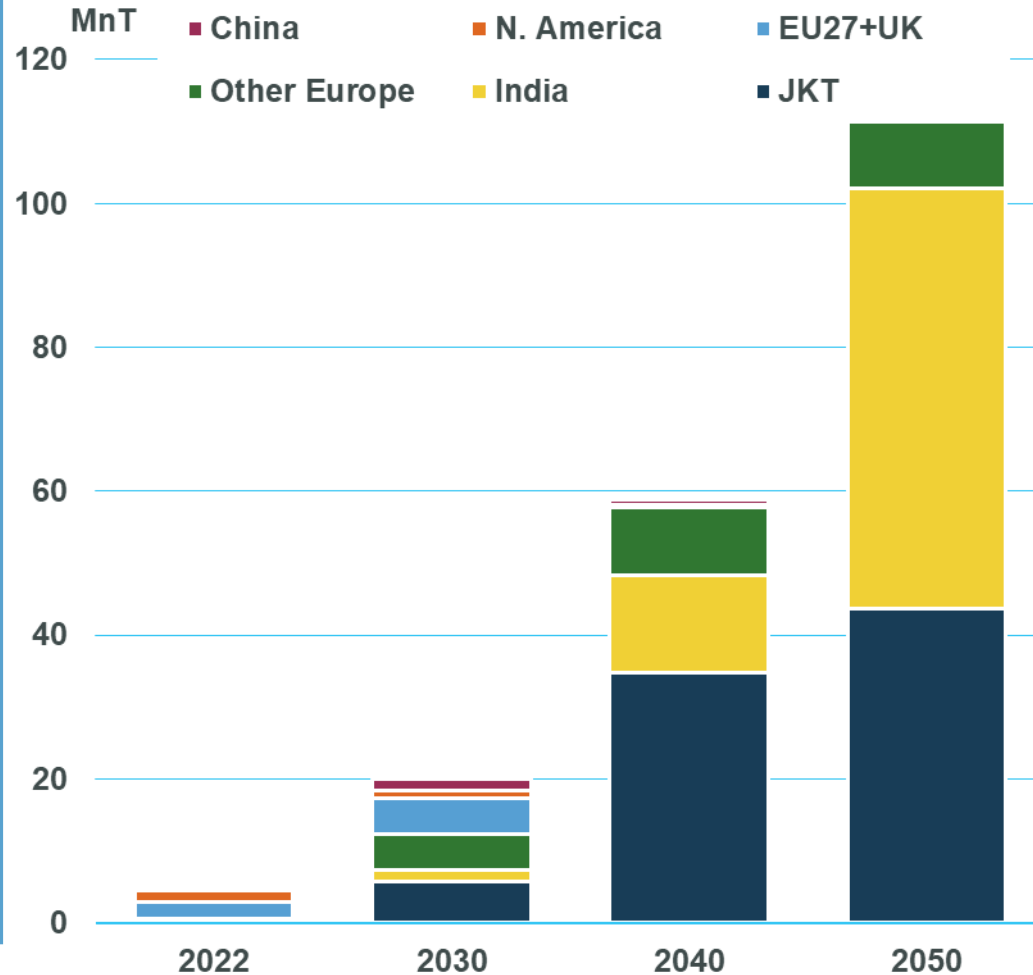


# New Opportunities

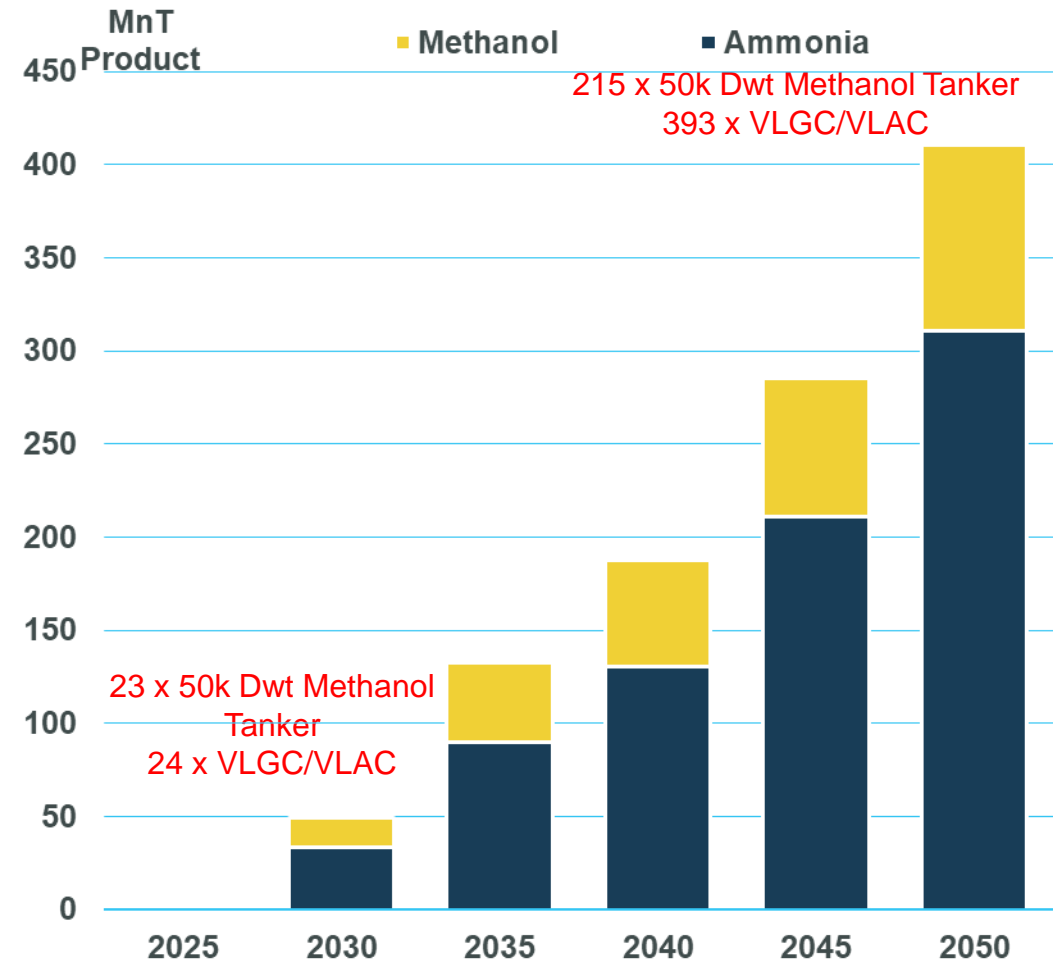
## New cargoes new routes new vessels

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Hot Briquetted Iron (HBI) and Direct Reduced Iron (DRI)



Clean Methanol and Clean Ammonia Trade Outlook

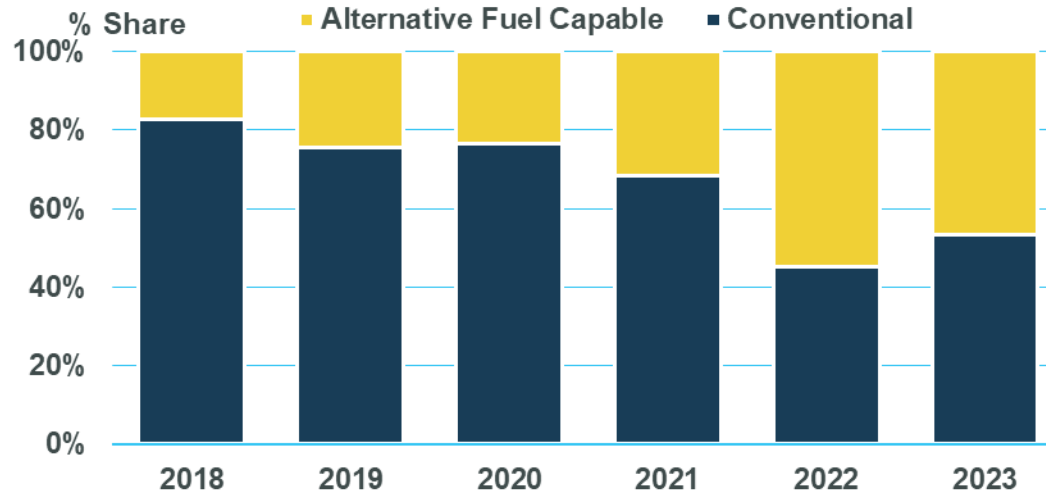


# Future Fuel for Shipping

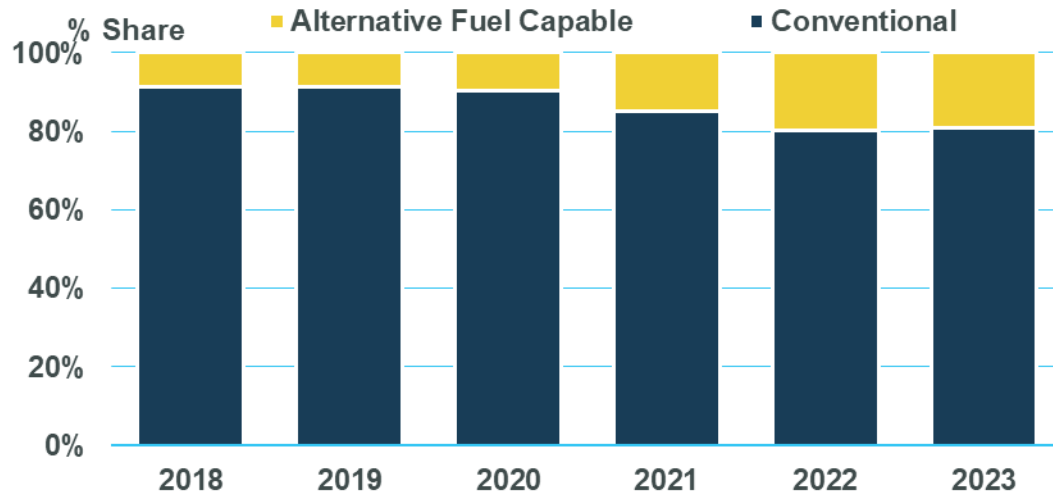
The moving in the right direction

- Intro
- Demand
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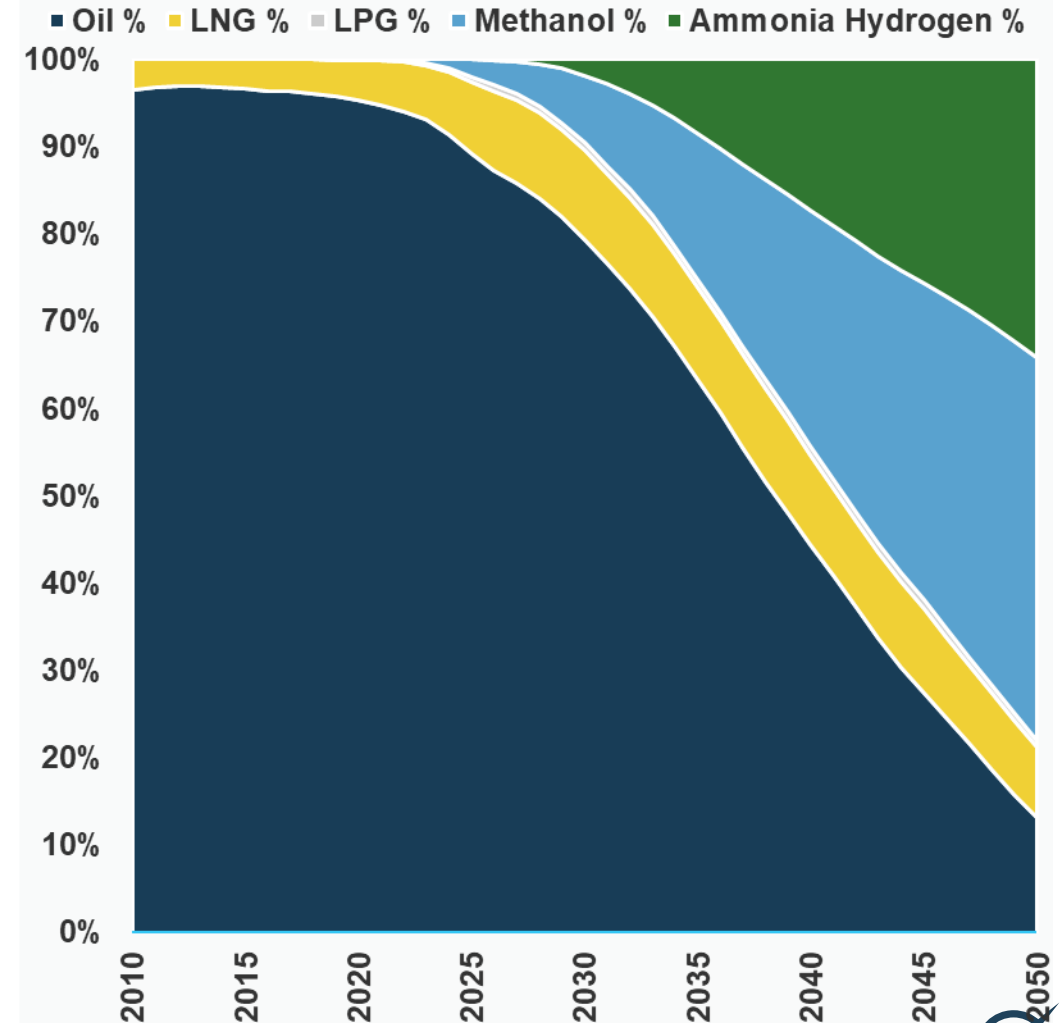
Dual Fuel Orders - MnGT



Dual Fuel Orders - # of Vessels



Future Fuel Demand

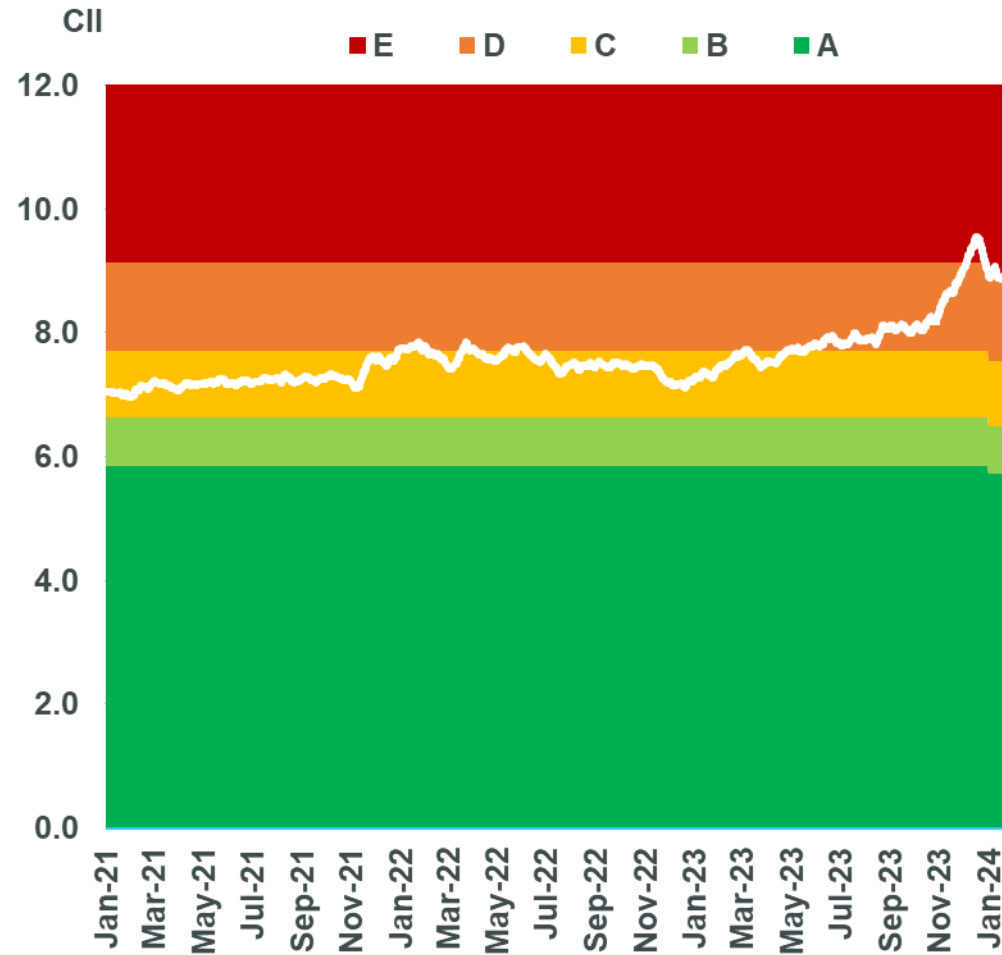


# Regulations

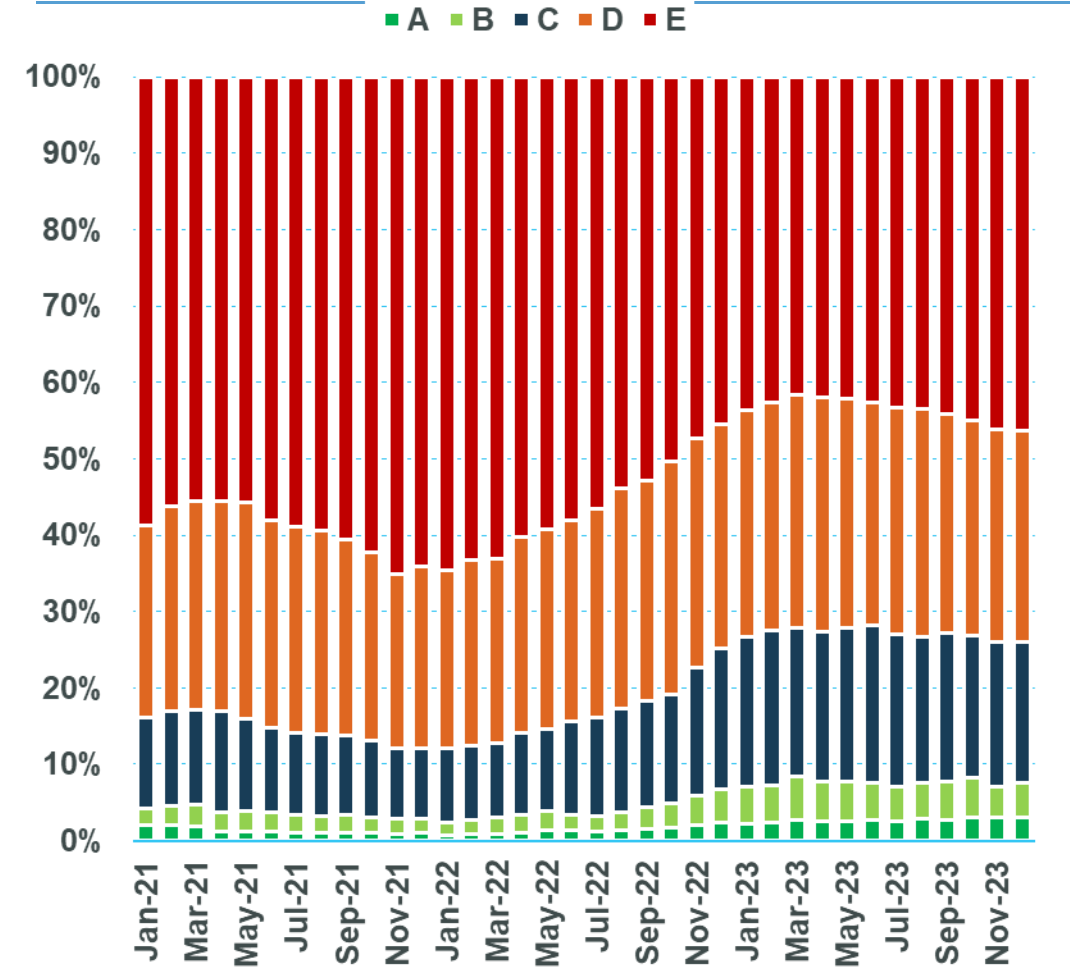
The market and regulatory pressure will dictate the pace of change

- Intro
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Vessel Specific CII Development Example



Capesize Fleet Monthly CII Bands



A satellite map of the world showing shipping routes. The routes are marked with green lines, with red dots indicating specific ports or locations. The map covers the entire globe, with a focus on the Atlantic and Indian Oceans.

# Deviation and Disruption

The five D's - what will drive the markets this year and beyond?

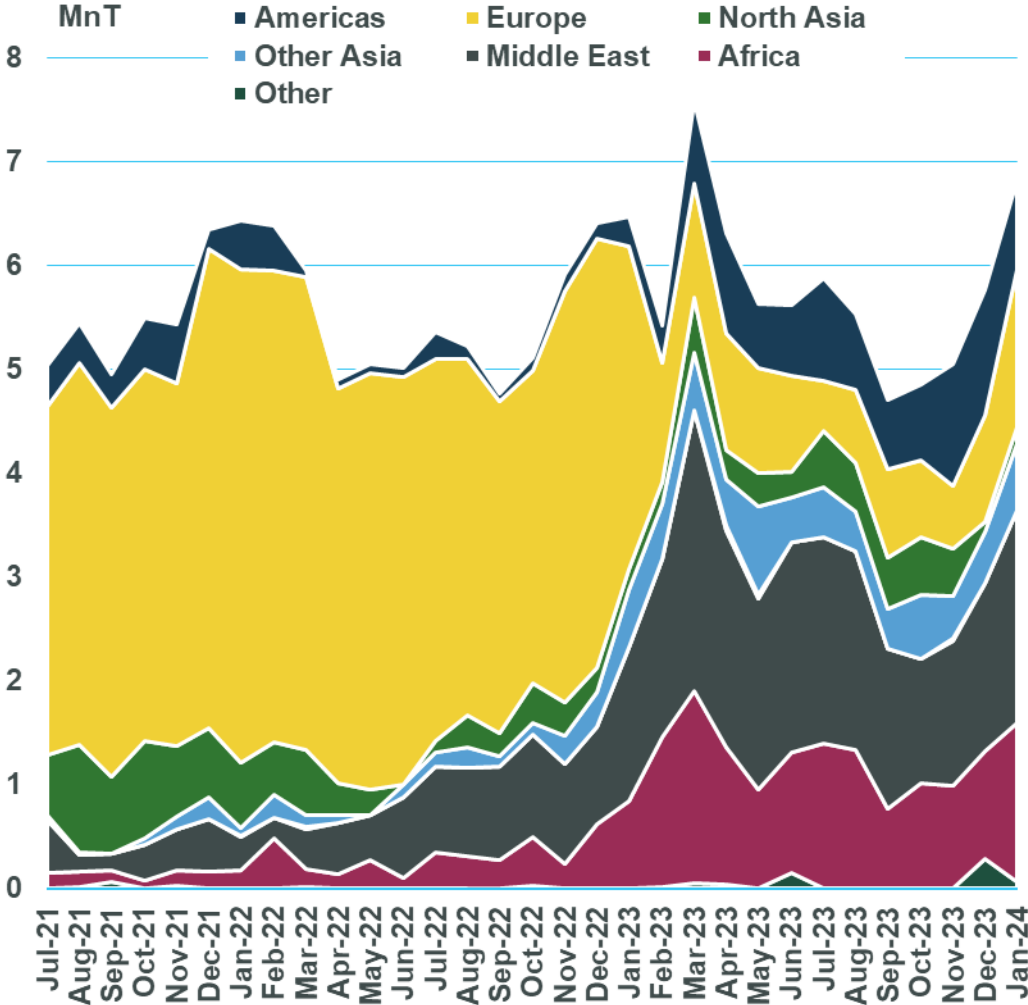


# Russian Invasion of Ukraine

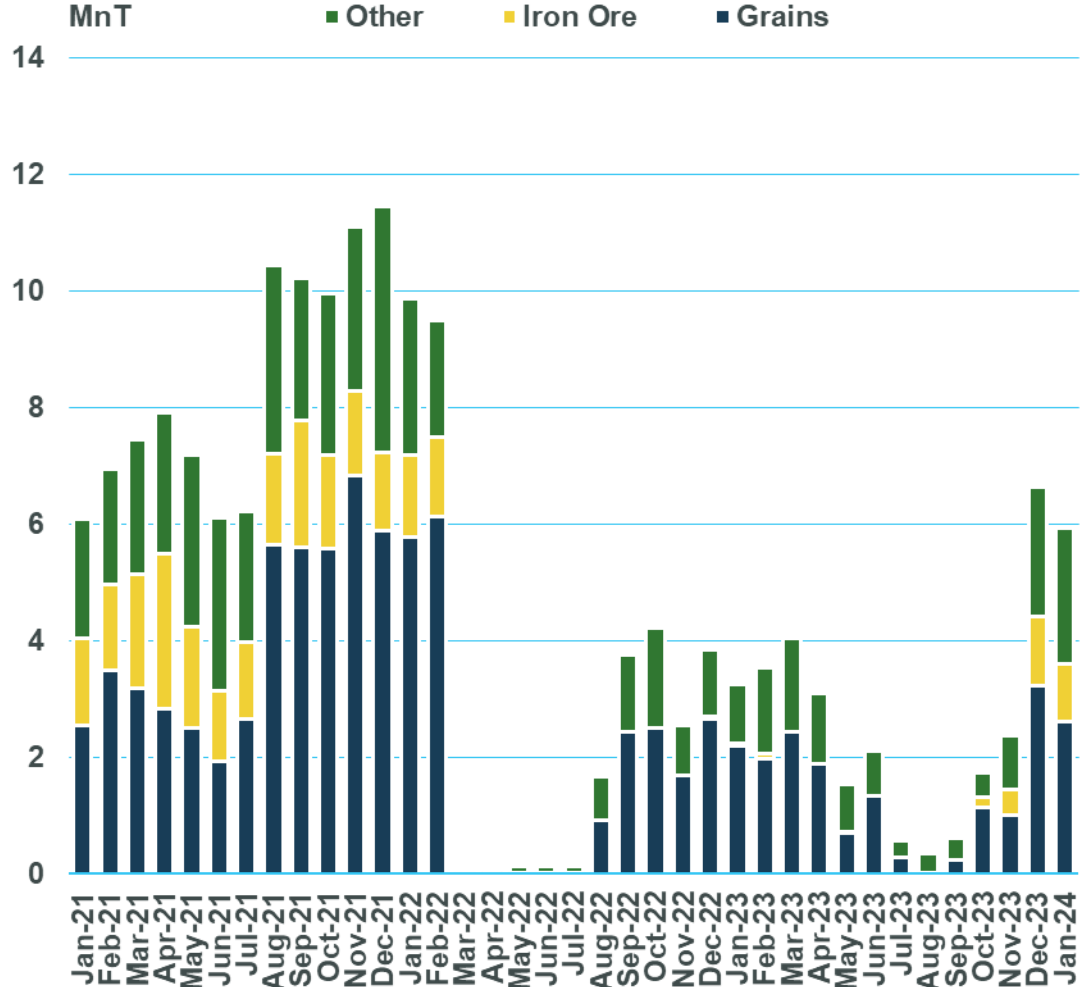
## Trade map redefined

- Intro
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Russian Seaborne Clean Product Flows by Importer



Ukraine Seaborne Dry Bulk Exports



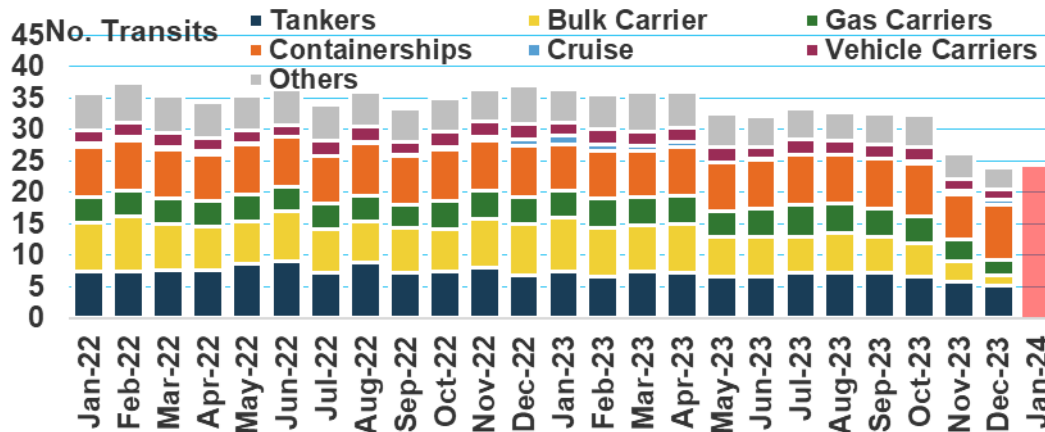


# Panama Canal

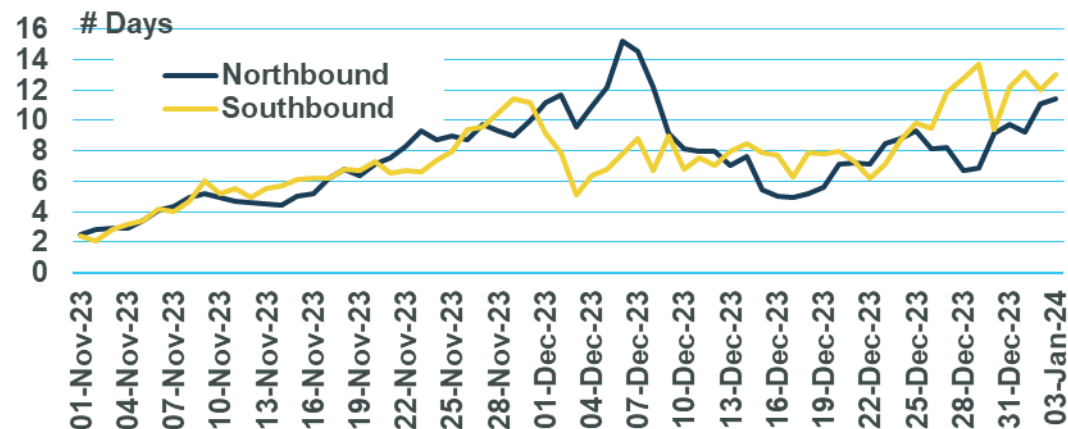
## Big impact for some sectors

- Intro
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Panama Canal Daily Transits by Ship Type



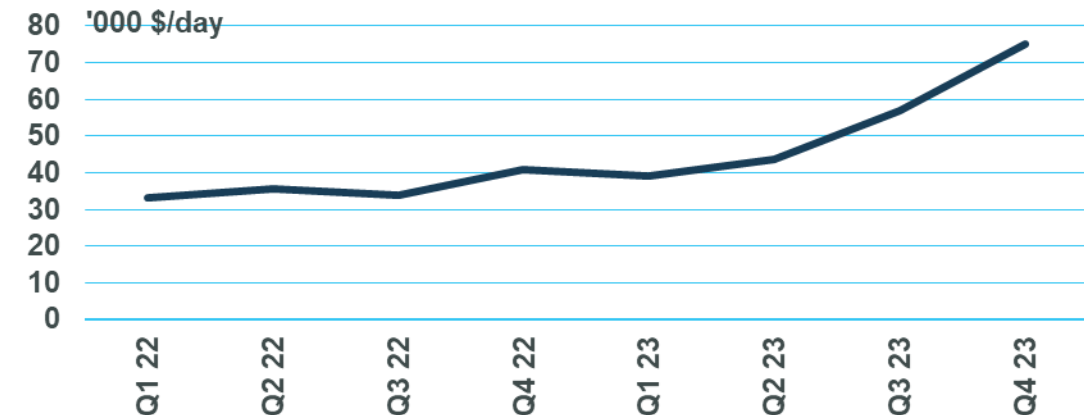
Panama Canal Transit Waiting Time for Ships without Reservations



Panama Canal: Illustrative Impact on Distances and Fuel Costs

	LPG Carrier		Dry Bulk Carrier	
Ship Size	VLGC		Kamsarmax	
Start Port	Houston, USA		New Orleans, USA	
End Port	Chiba, Japan		Qingdao, China	
Distance via Panama Canal (NM / Days)	9,269 NM	24.9 Days	10,018 NM	34.8 Days
Distance via Suez Canal (NM / Days)	14,602 NM	39.3 Days	13,960 NM	48.5 Days
Distance via Cape of Good Hope (NM / Days)	15,844 NM	42.6 Days	15,202 NM	52.8 Days
% Distance Increase: COGH vs Panama	71%		52%	
Est Fuel Cost Diff: COGH vs Panama Canal	+ \$420 k		+ \$250 k	

Impact on VLGC Earnings

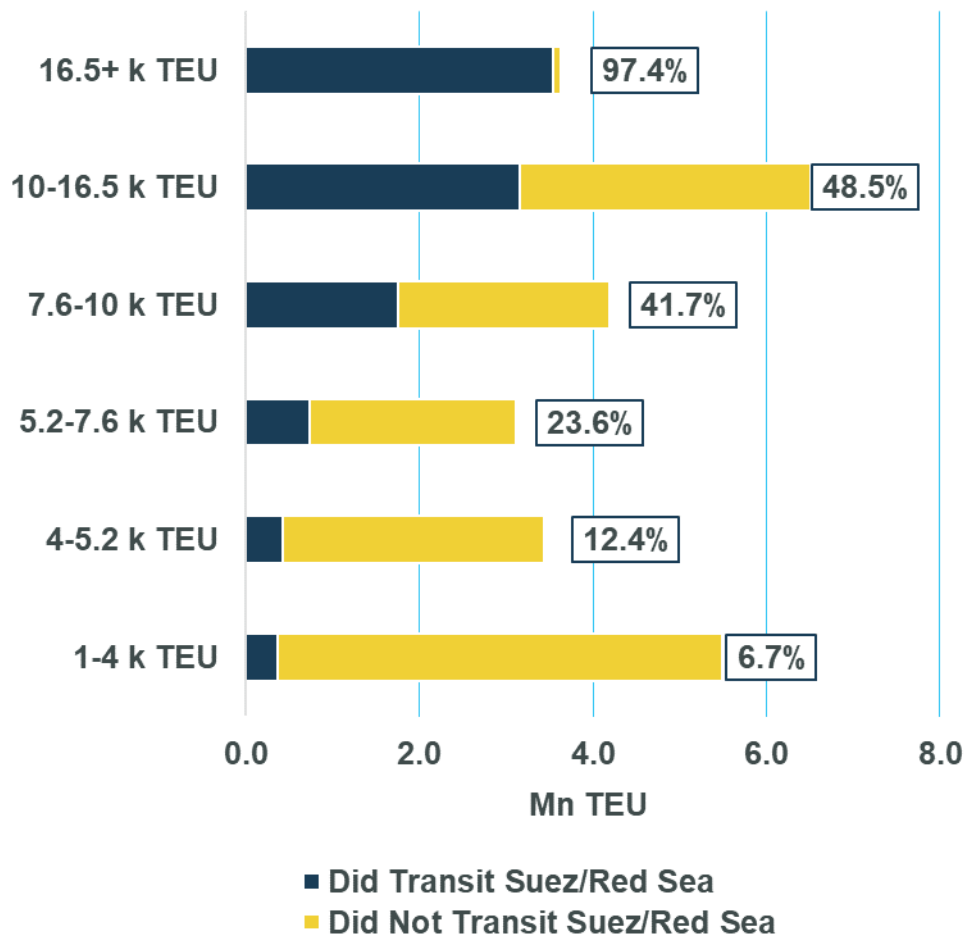


# Suez Canal

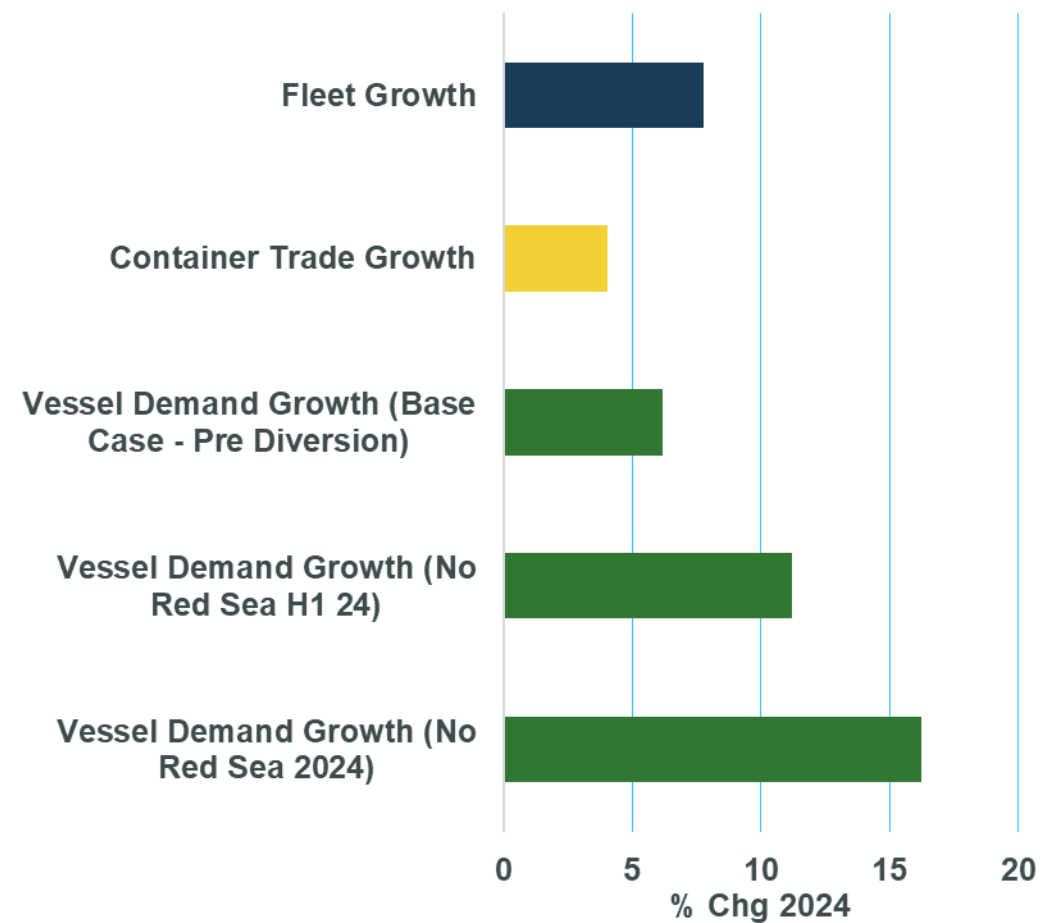
## Large containers hit hard

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Container Exposure to Suez Canal – Based on 2023



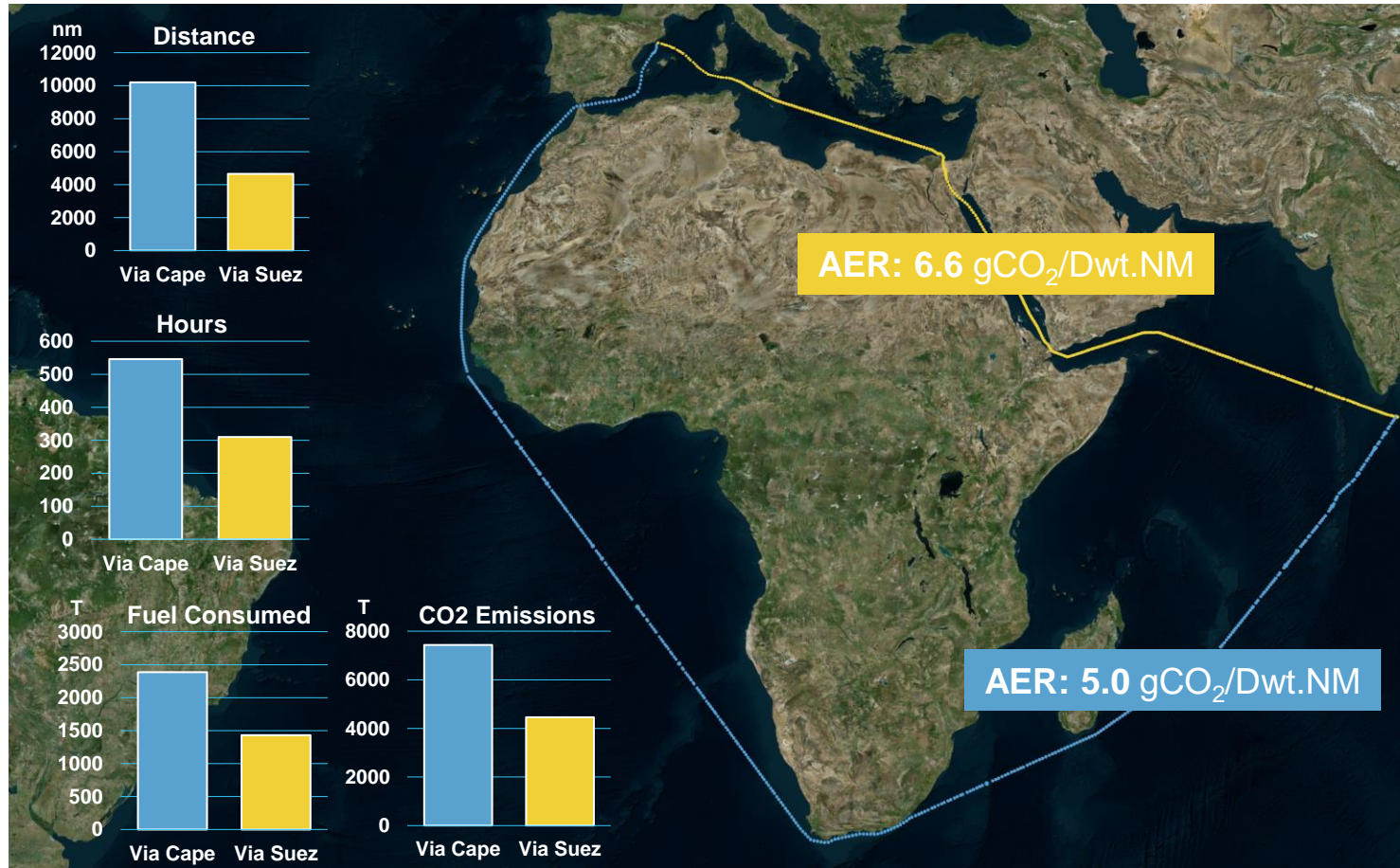
Demand Supply Impact Suez Canal Scenario



# Rerouting Environmental Implications

Using AIS Data to estimate impact on emissions, ETS, AER, CII

- Intro
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15 k TEU Containership  
Columbo to Barcelona

ETS = €75,000 extra  
via COGH versus Suez

AER/CII Rating  
5.0 gCO<sub>2</sub>/Dwt.NM  
Via COGH

6.6 gCO<sub>2</sub>/Dwt.NM  
Via Suez





# Earnings & Values

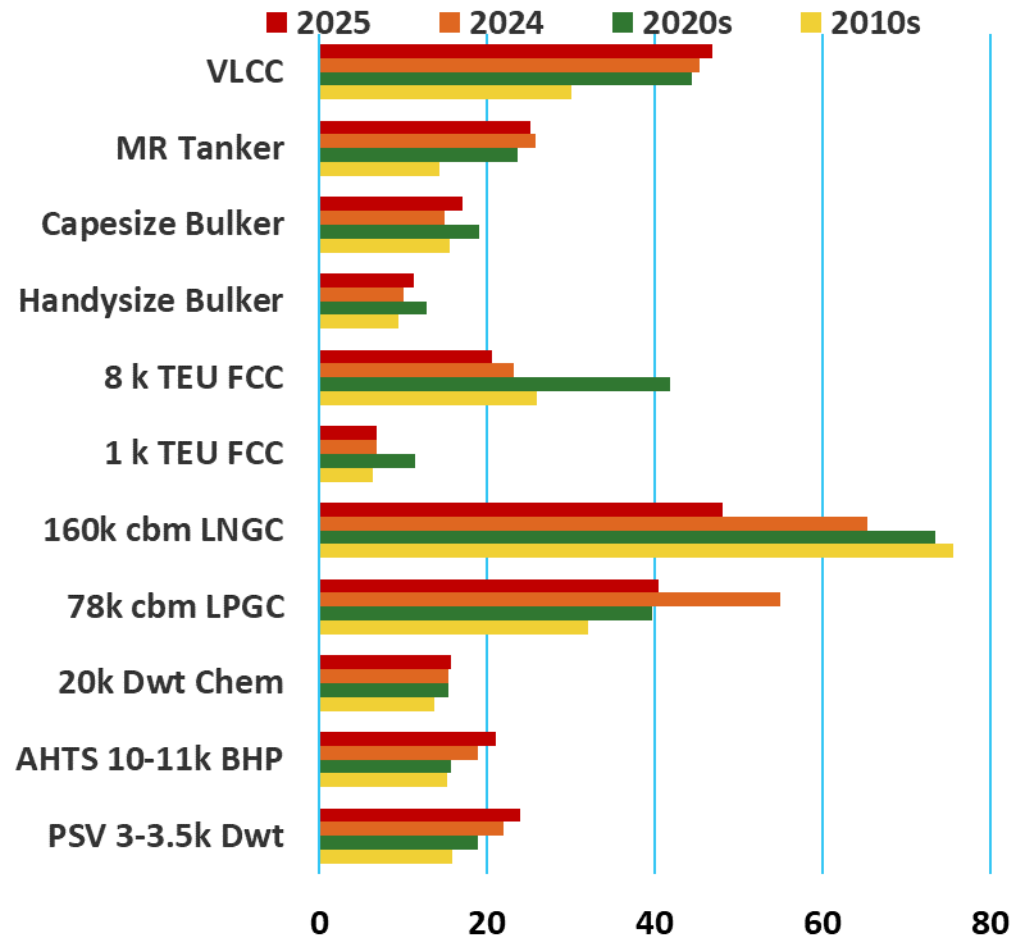
The five D's - what will drive the markets this year and beyond?

# Earnings & Newbuilding Prices

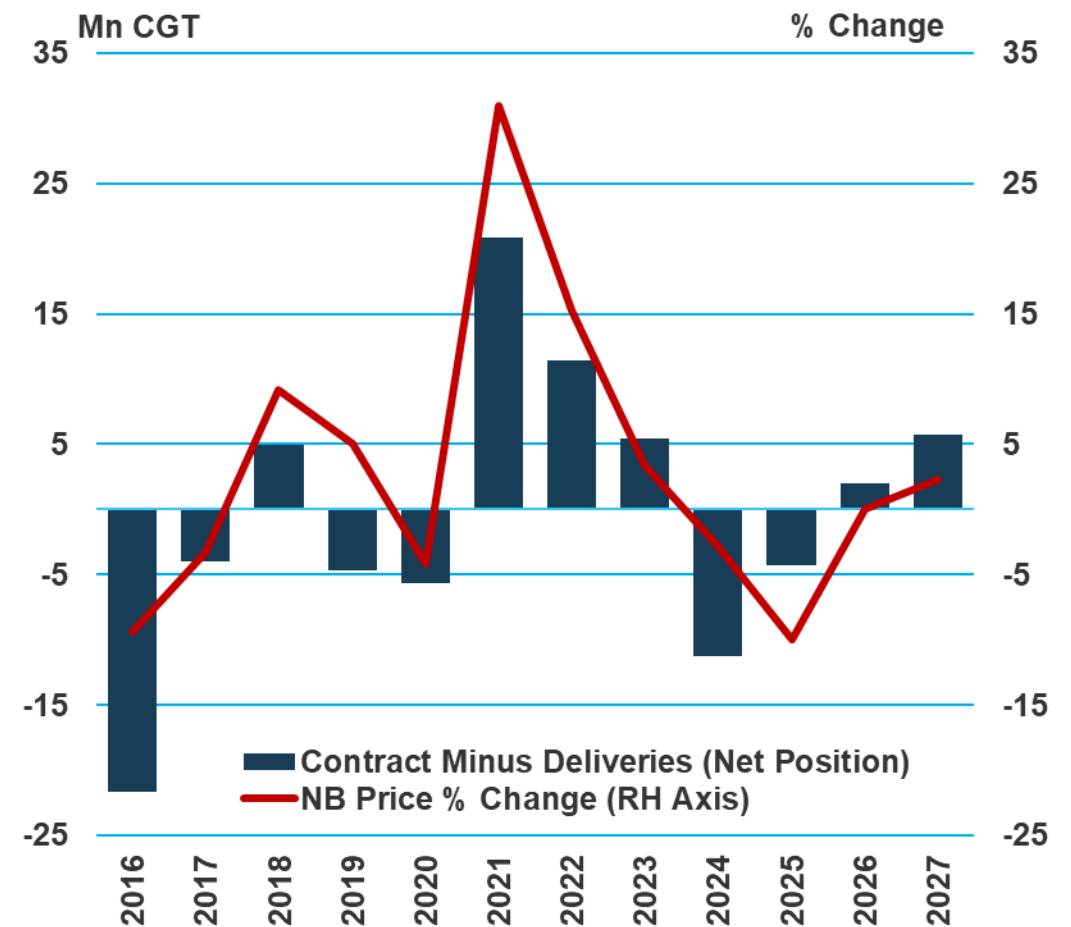
Remain supportive

- Intro
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- Decarbonisation
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Average 1 Yr TC Rate



Deliveries Outpace Contracts – Newbuilding Price to Slide

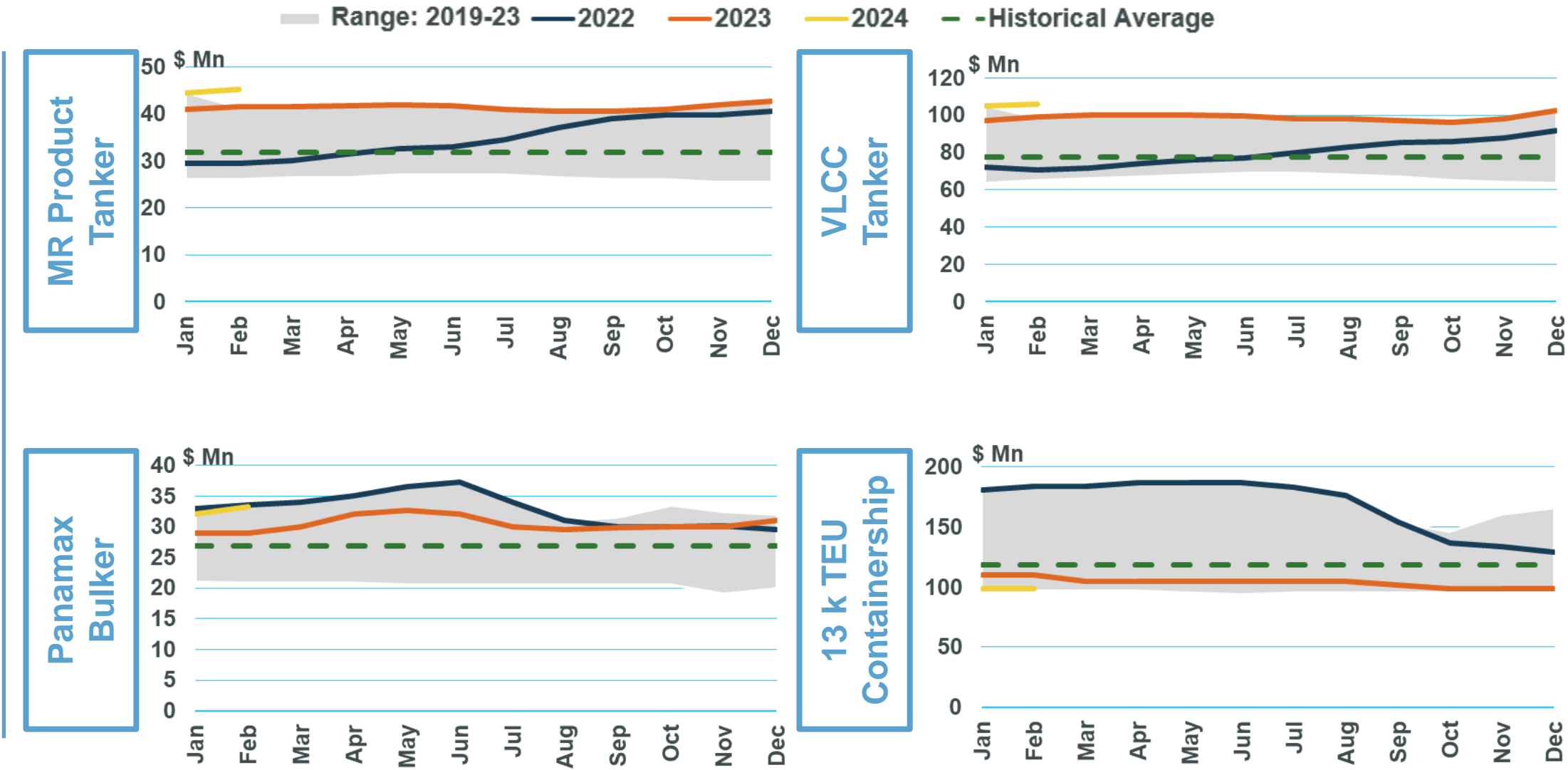




# Secondhand Prices

Asset values at recent highs for tankers - bulker and container prices remain “sticky”

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- [Earnings & Values](#)

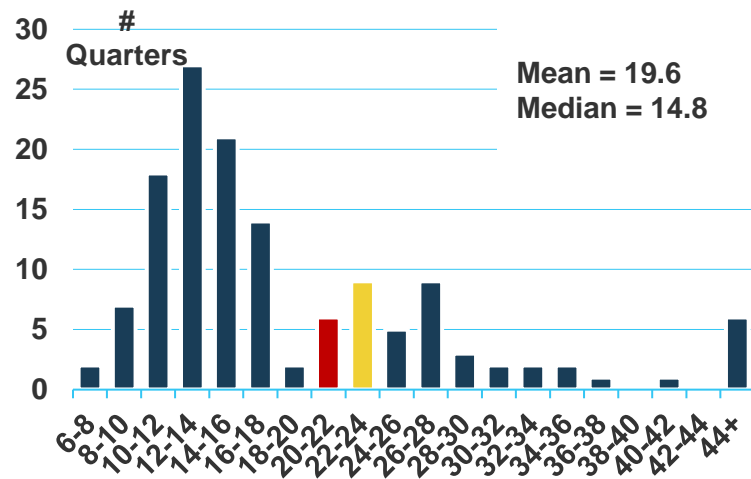


# Value Outlook – 10 Yr Old Prices (Mn US\$)

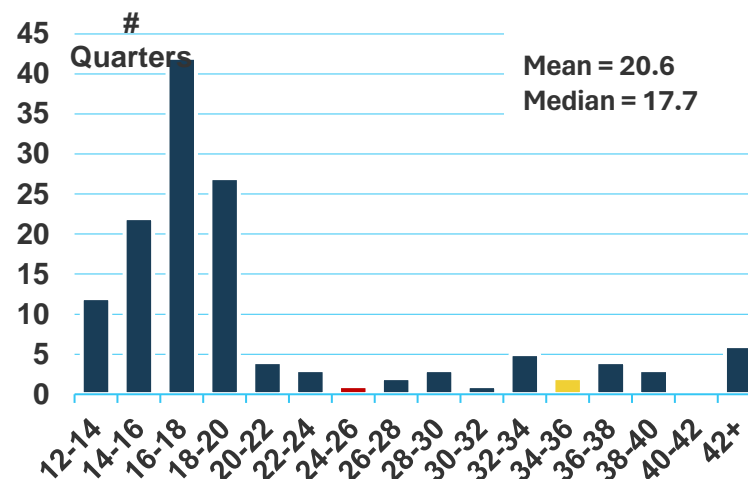
## Quarterly Historical Distributions Q1 23 v Q1 28

■ Q1 2024 ■ Q1 2028

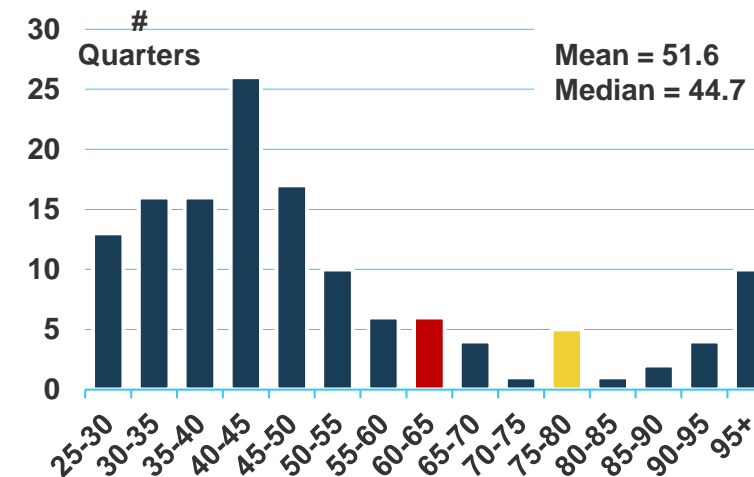
### Panamax Bulker



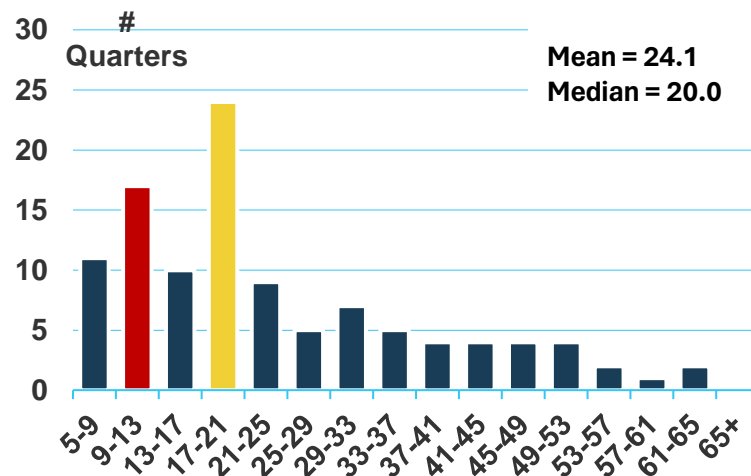
### MR Tanker



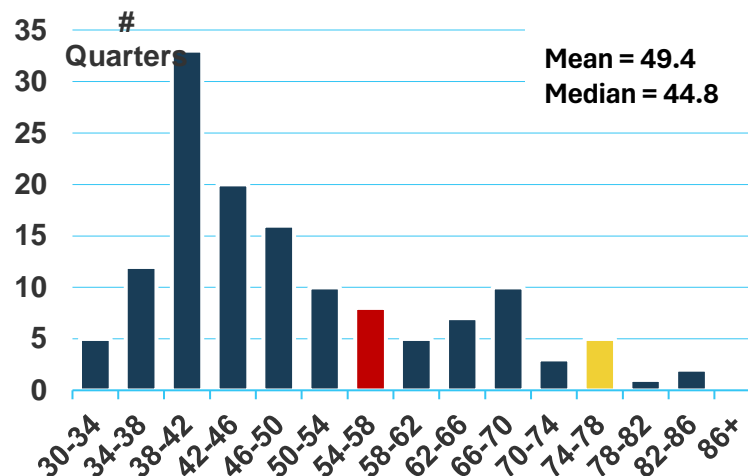
### VLCC



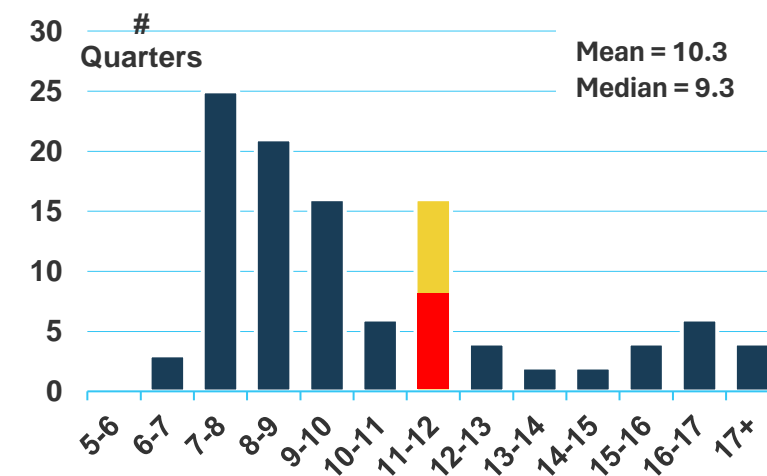
### 3.4kTEU Container



### VLGC



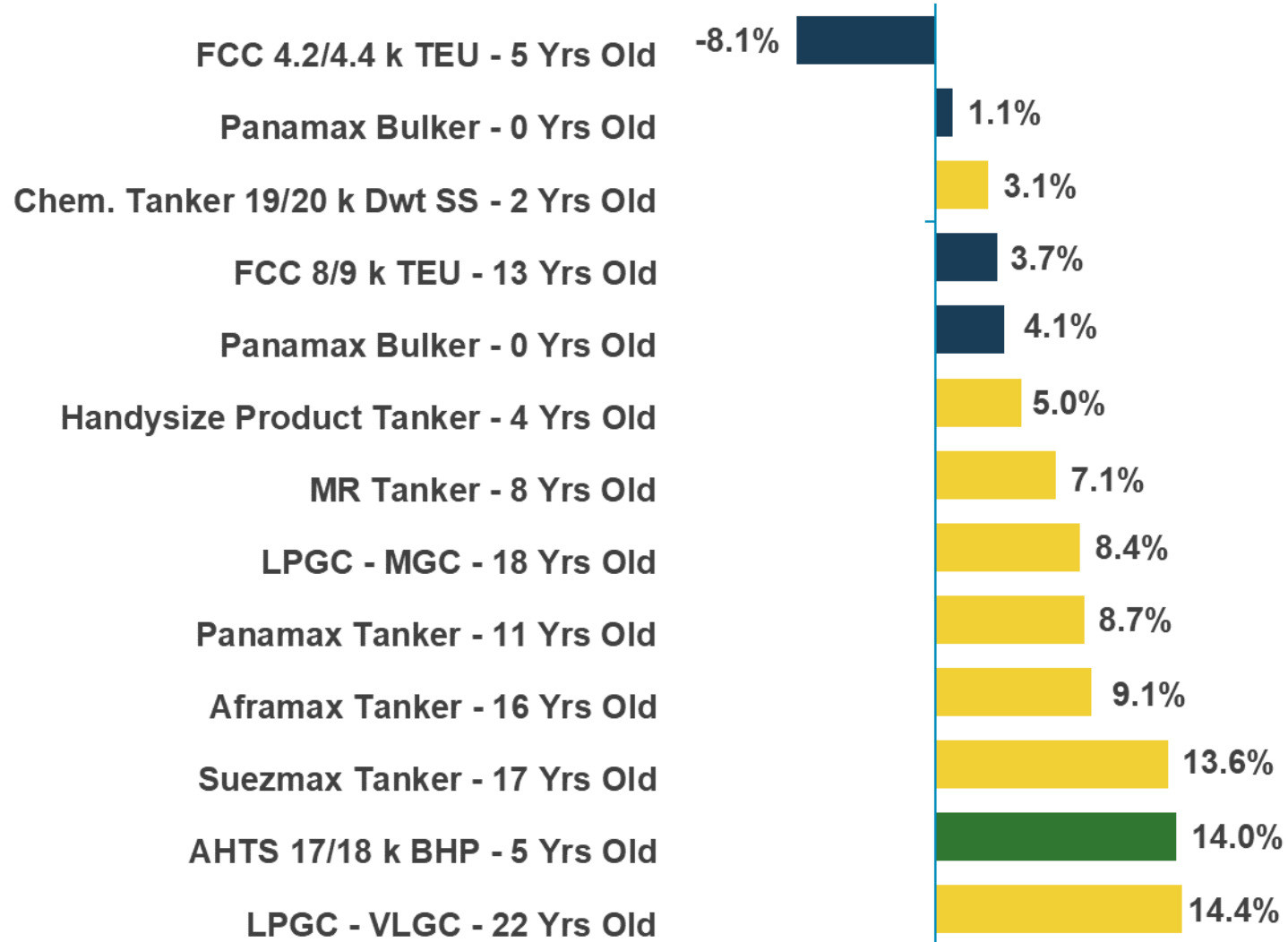
### MPP



# Investment Returns

\$40Mn buy now sell in 2029

- Intro
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# MSI Background and Disclaimer

For nearly 40 years, MSI has developed integrated relationships with a diverse client base of financial institutions, ship owners, shipyards, brokers, investors, insurers and equipment and service providers.

MSI's expertise covers a broad range of shipping sectors, providing clients with a combination of sector reports, forecasting models, vessel valuations and bespoke consultancy services.

MSI's team is comprised of professionals with extensive academic credentials, deep industry knowledge and many years experience of delivering successful client projects.

MSI balances analytical power with service flexibility, offering a comprehensive support structure and a sound foundation on which to build investment strategies and monitor/assess exposure to market risks.

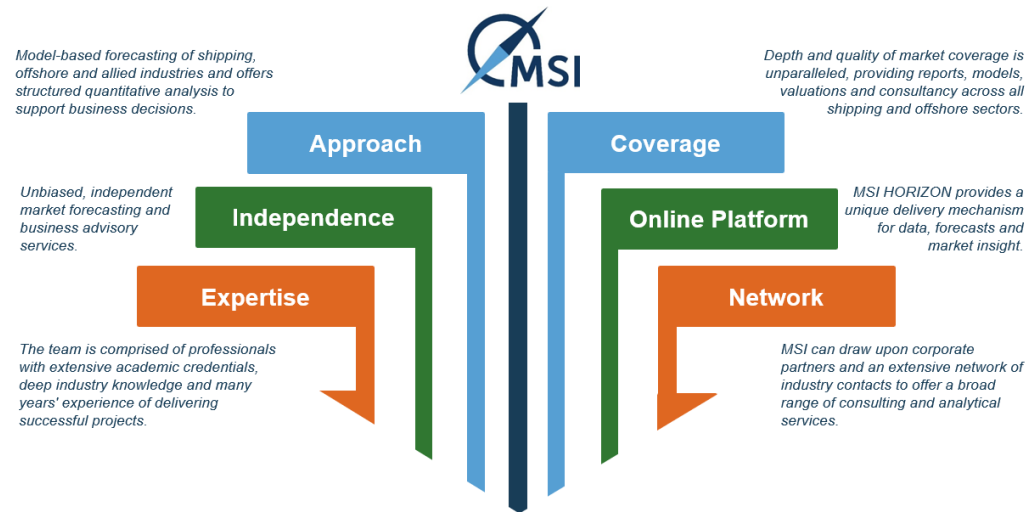
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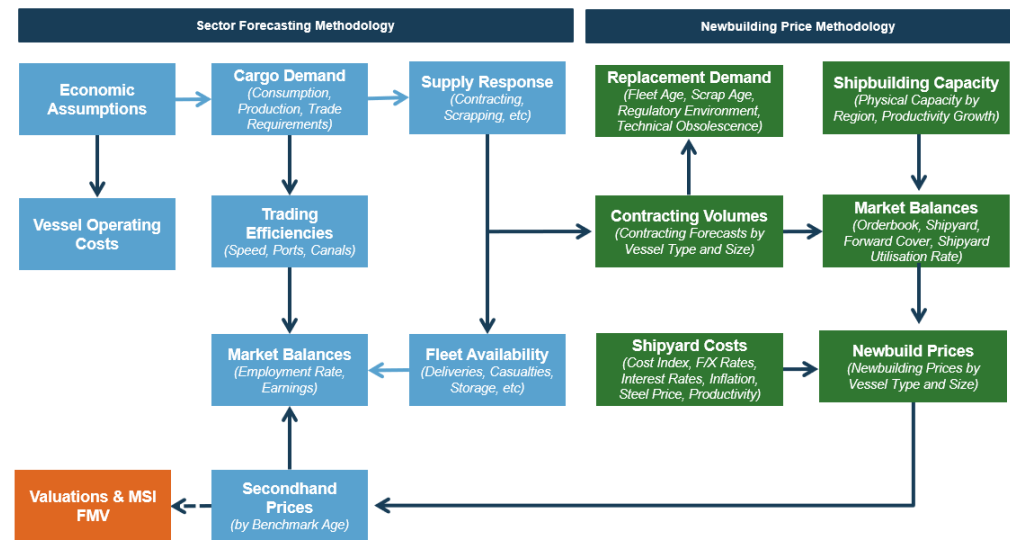
# Introduction to MSI

Boutique maritime consultancy offering forecasts, modelling, data, asset valuation and strategic advisory services

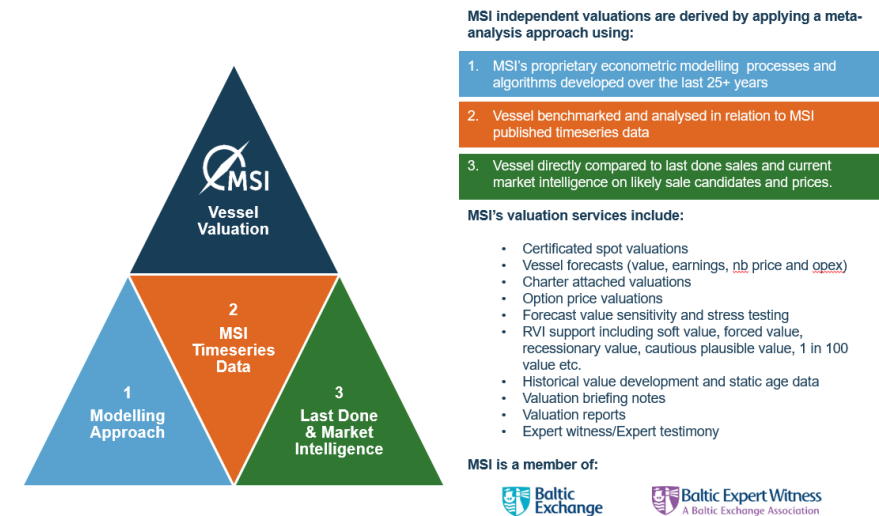
## MSI's Strategic Advantage



## Forecasting Models (All Marine Markets) & Market Reports



## Current and Forecast Asset Valuations



## Advisory Services



# Contact Us



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