The challenging shipping fundamentals and outlook for the year ahead

Mr. George Lazaridis | Head of Research & Valuations
Allied Shipbroking Inc.

01st Annual Marine Money Cyprus Forum

Wednesday, 26th April 2017

CONTENTS

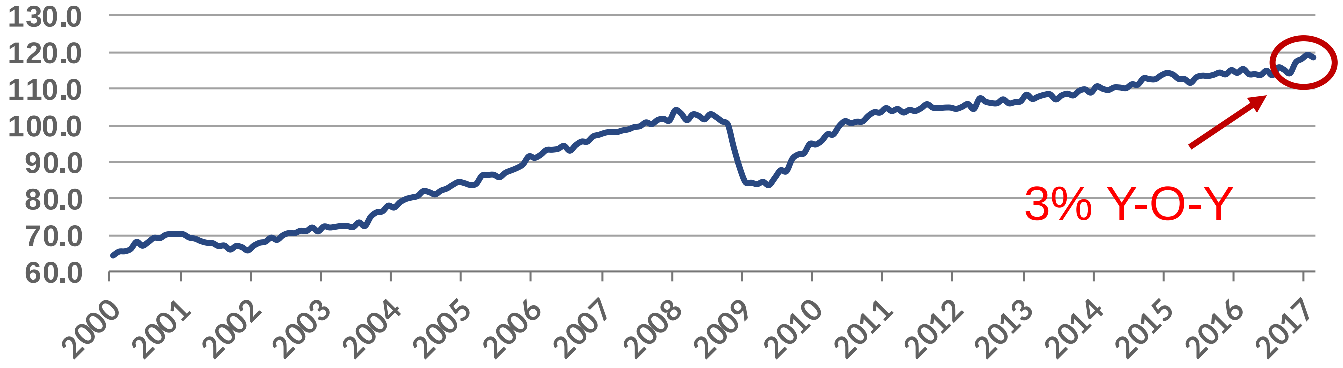
ALLIED Shipping Research

01
Global Economy

Global economic growth

	Percentage of world GDP	latest GDP growth	2017 estimate	2017 range of forecasts		2018 estimate	2018 range of forecasts		Industrial production
U.S.A	24.33	2.0	2.3	1.7	2.8	2.4	1.0	3.6	1.5
Eurozone	15.74	1.8	1.6	1.2	2.3	2.4	1.2	2.1	1.5
China	15.05	6.7	6.9	6.2	6.8	6.3	5.8	6.9	6.2
Japan	5.65	0.8	1.6	0.6	1.5	1.0	0.6	1.6	1.0
U.K.	3.83	2.1	1.9	1.2	2.0	1.2	0.7	1.7	1.2
India	3.10	7.0	7.2	6.2	8.4	7.6	6.5	8.4	-1.2
S. Korea	1.93	2.0	2.5	2.3	2.9	2.6	2.2	3.3	6.6

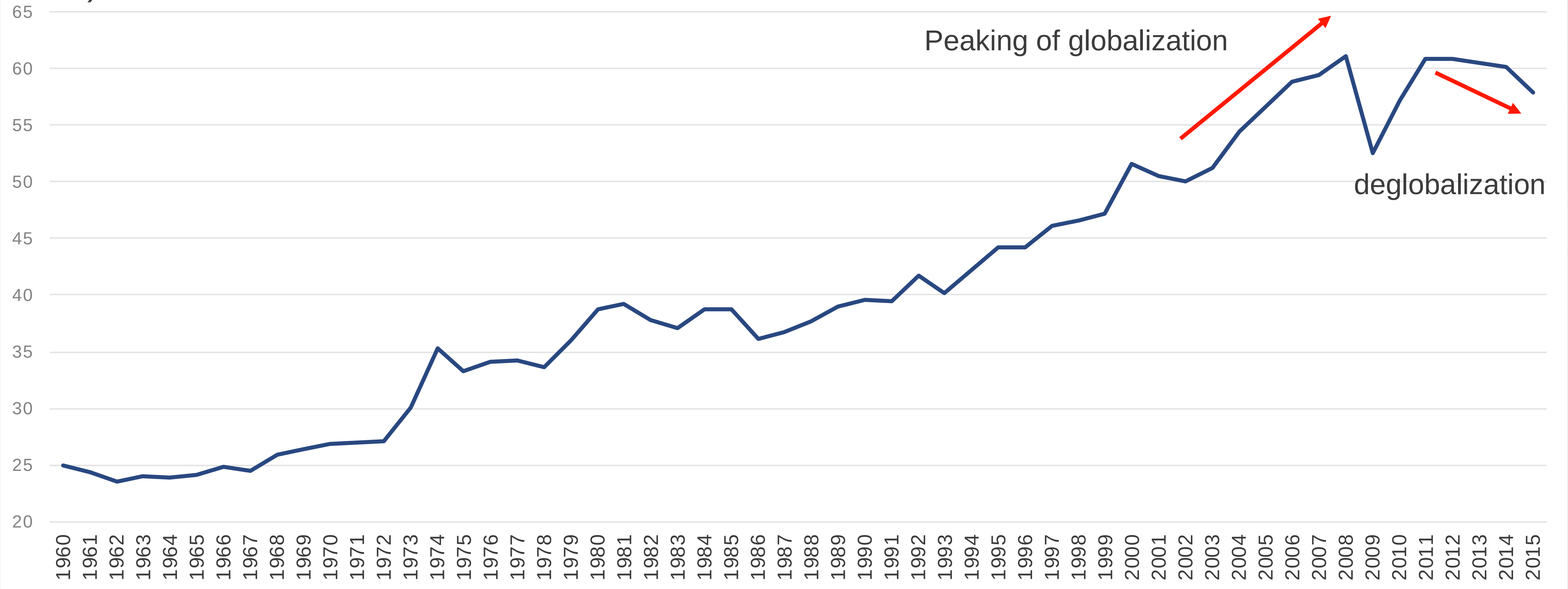
Monthly World Trade Index (base year 2005)



- Growing populism in the West still has the potential for disruption.
- China, continues to revise its growth targets downwards.
- Emerging markets face considerable risk from U.S. fiscal policy and any increase in global trade barriers – still highly dependent on export-led growth.

Trades disconnect with economic growth

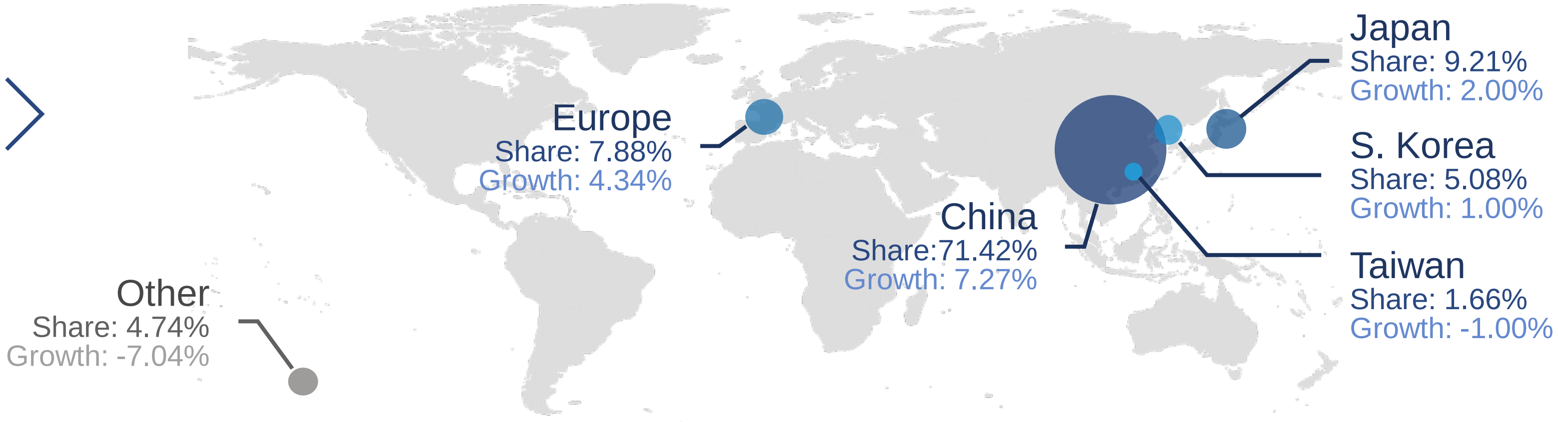
Trade as % of GDP (the sum of exports and imports of goods and services measured as a share of GDP)



02
Dry Bulkers

Iron Ore trade

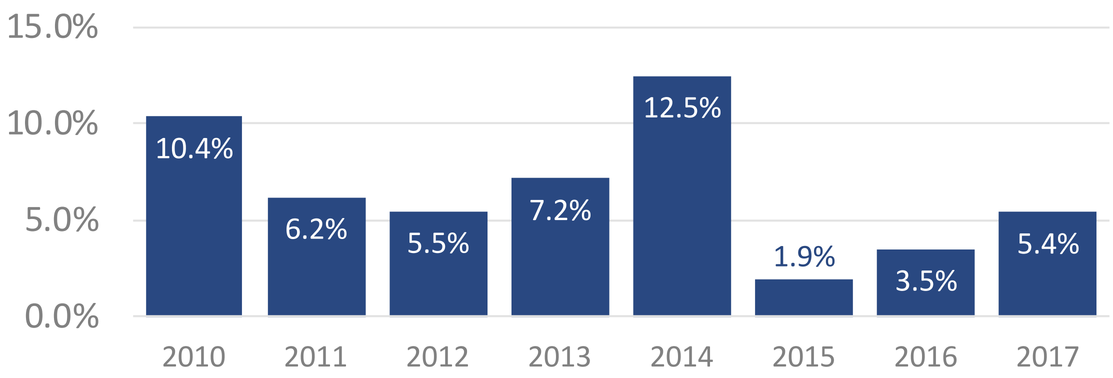
Top 5 Importers
(share for 2016 + expected growth for 2017)



Section 02

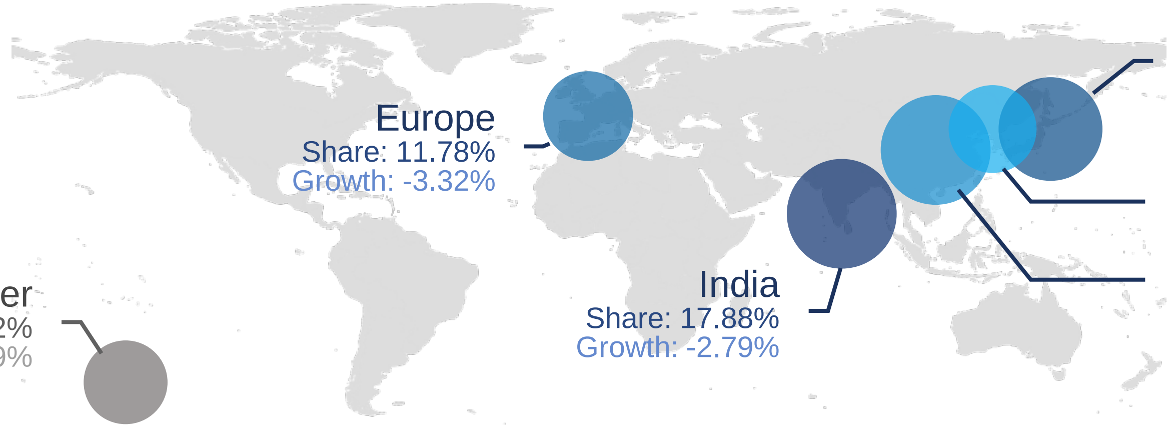
Price of Iron ore (US$ / tonne)

Annual growth in trade



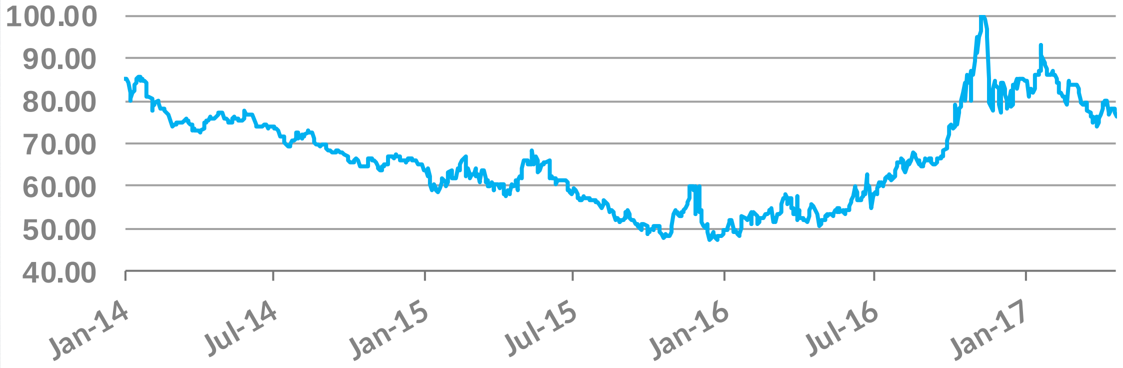
Coal trade

Top 5 Importers
(share for 2016 + expected growth for 2017)

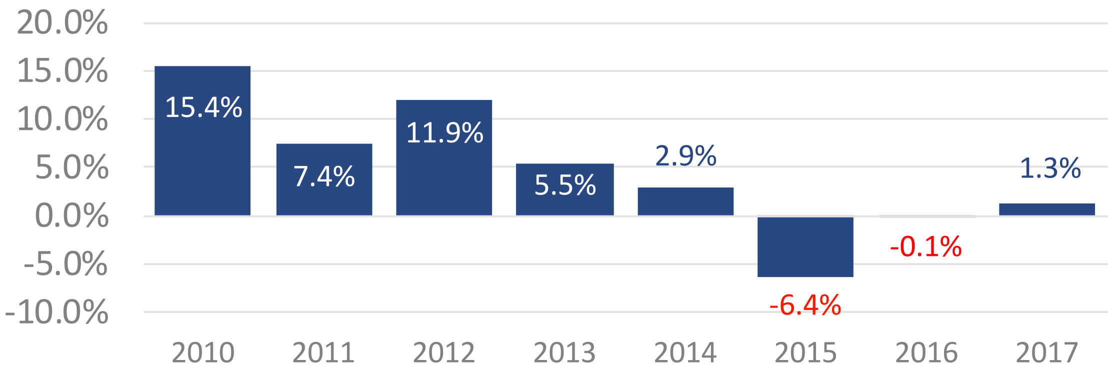


Section 02

Price of Coal (index value)



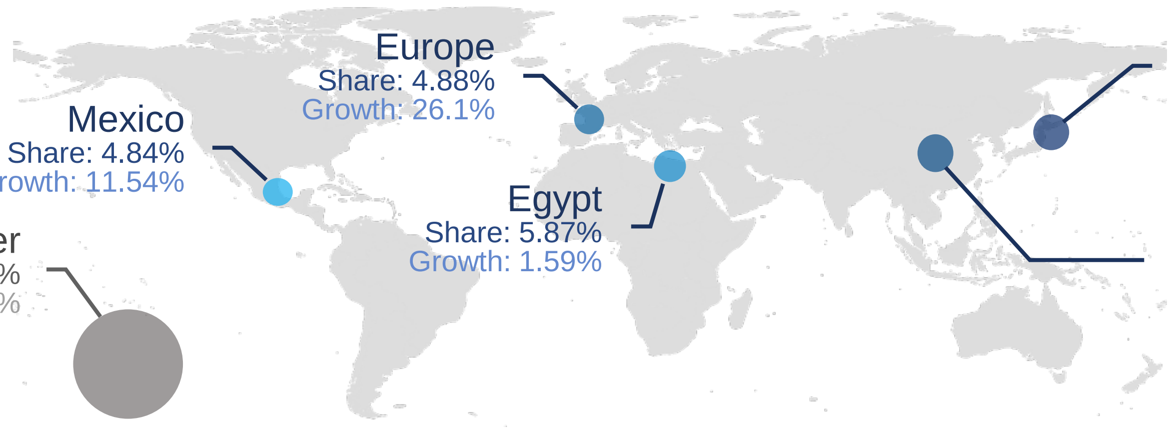
Annual growth in trade



ALLIED Shipping Research

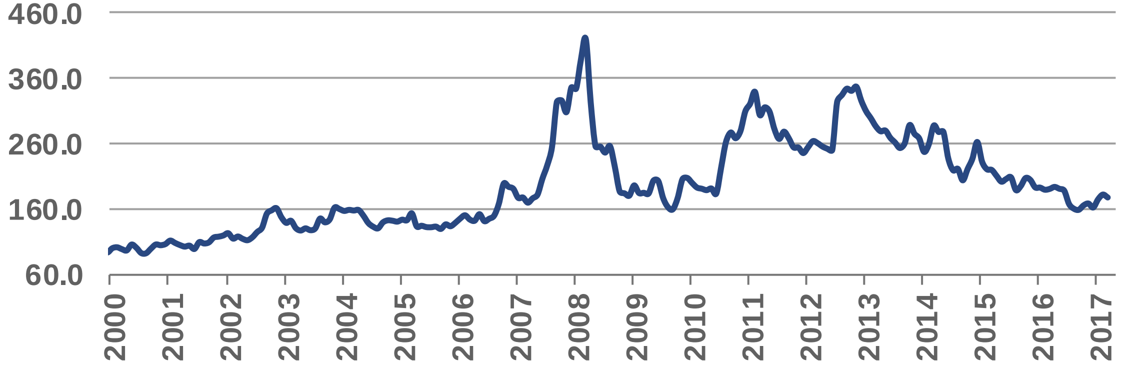
Grain trade

Top 5 Importers
(share for 15/16 + expected growth for 16/17)

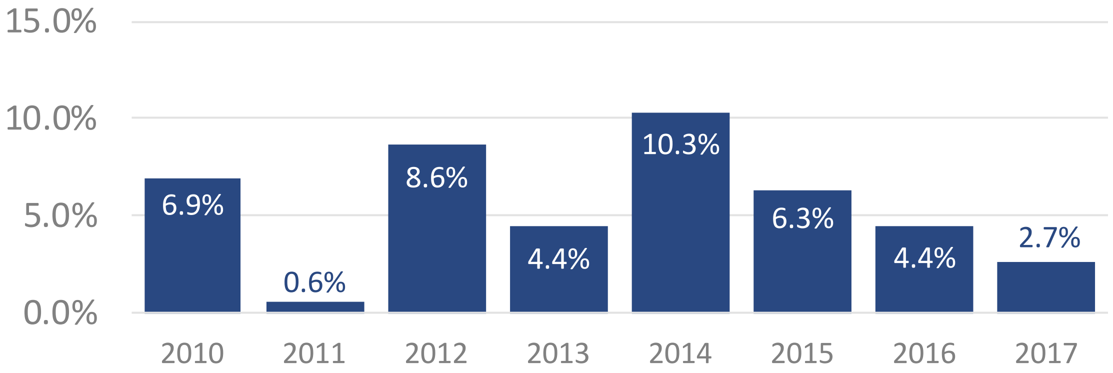


Section 02

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

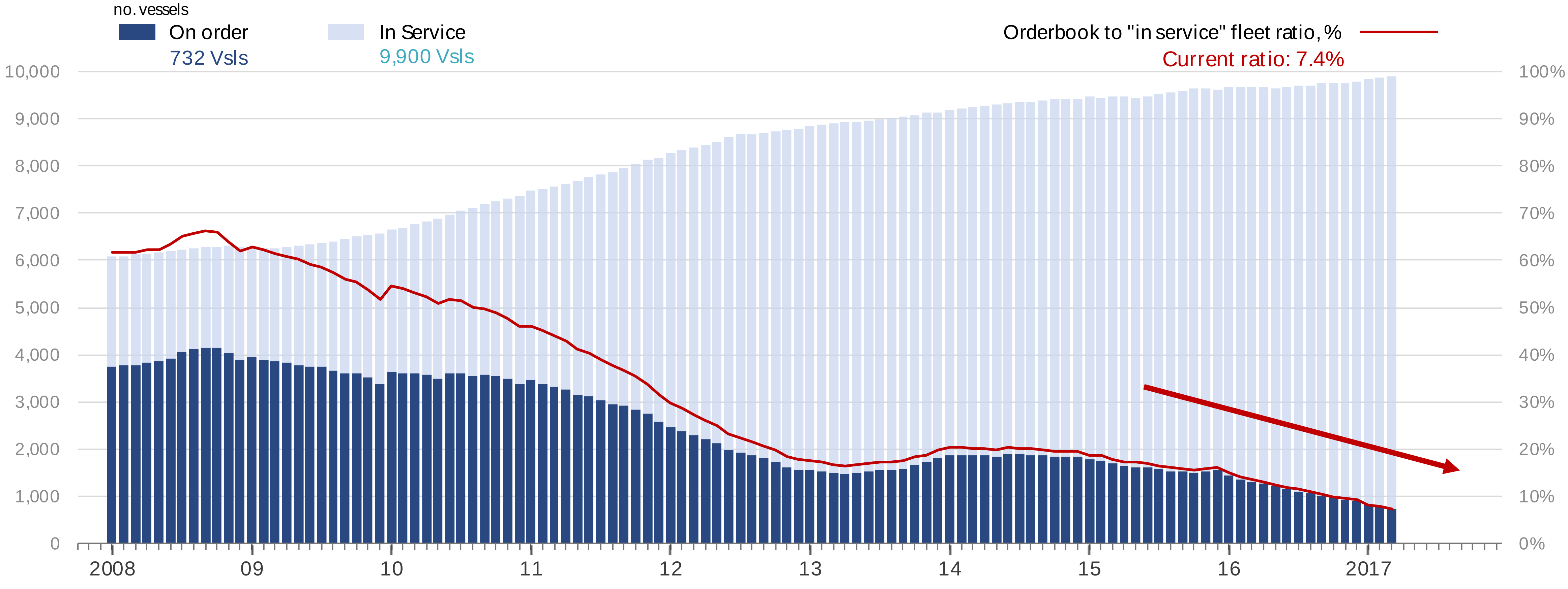


Annual growth in trade



Dry Bulkers – Fleet and Orderbook

Fleet and Orderbook Development

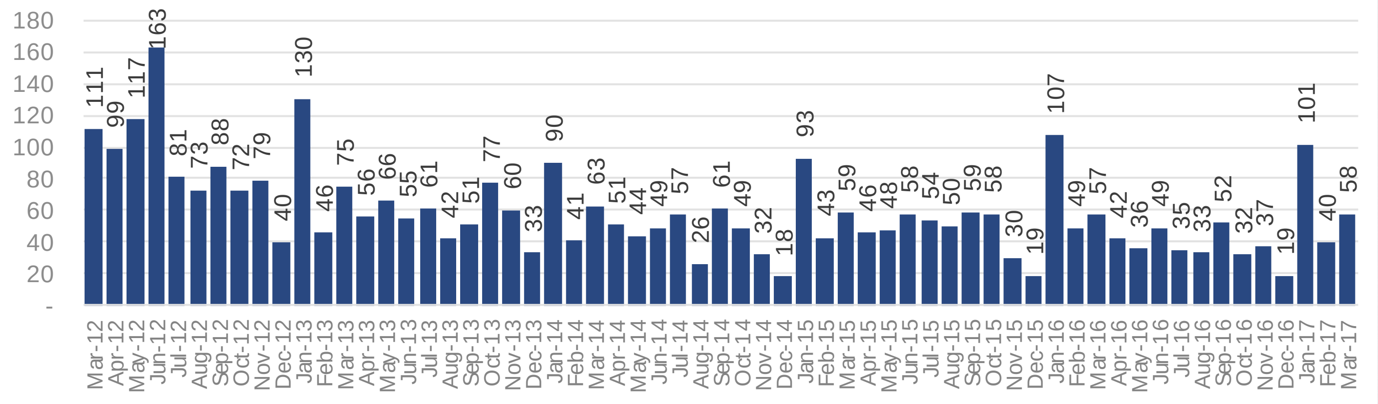


Section 02

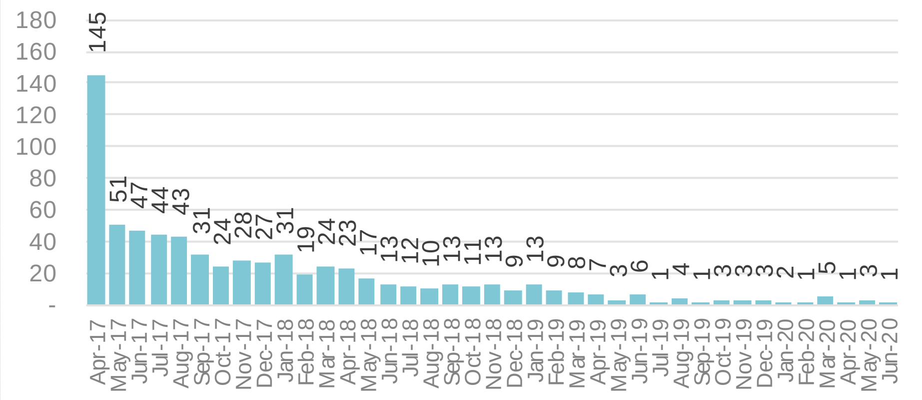
Source: IHS, Allied Shipping Research

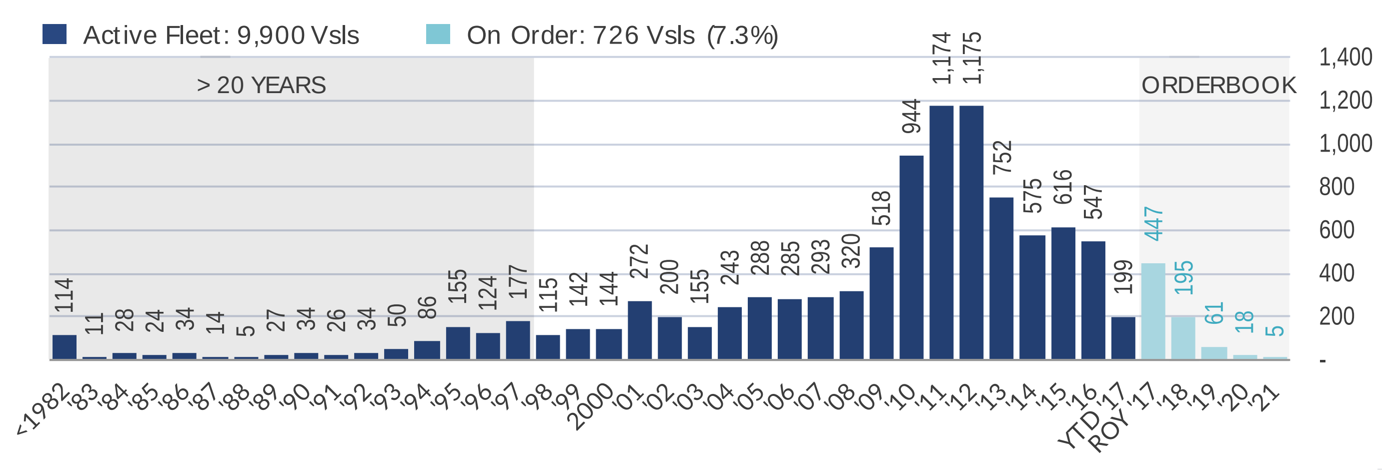
Dry Bulkers – newbuilding deliveries

Total deliveries each month (no. vessels)

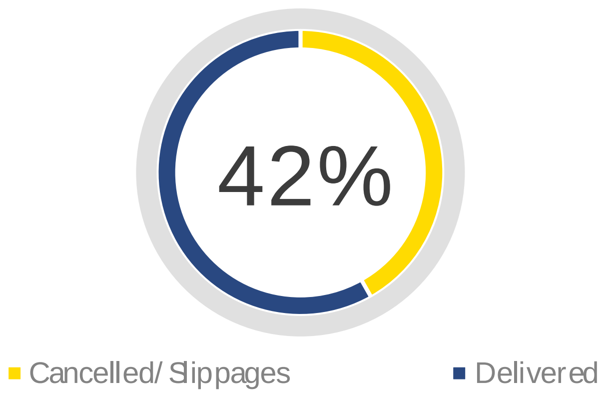


Scheduled deliveries





Percentage of cancelled/delayed

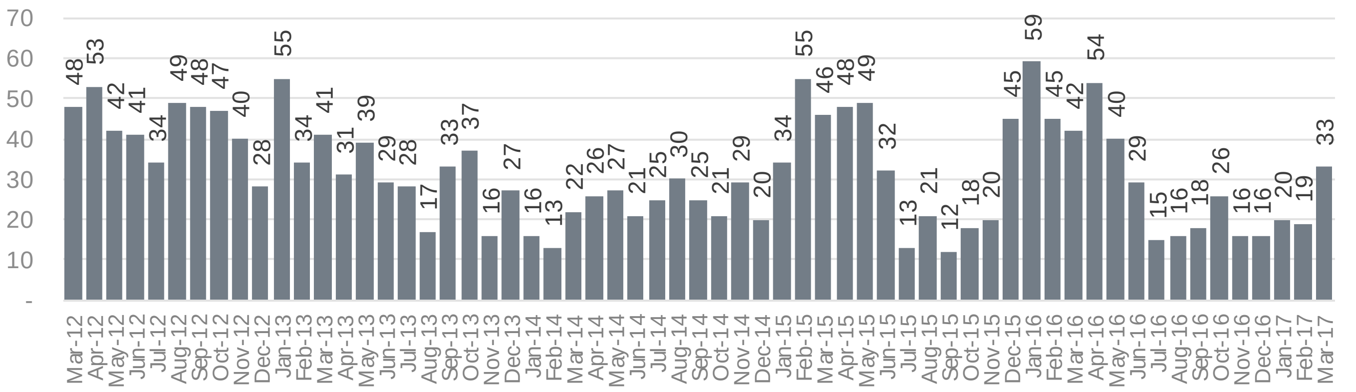


Section 02

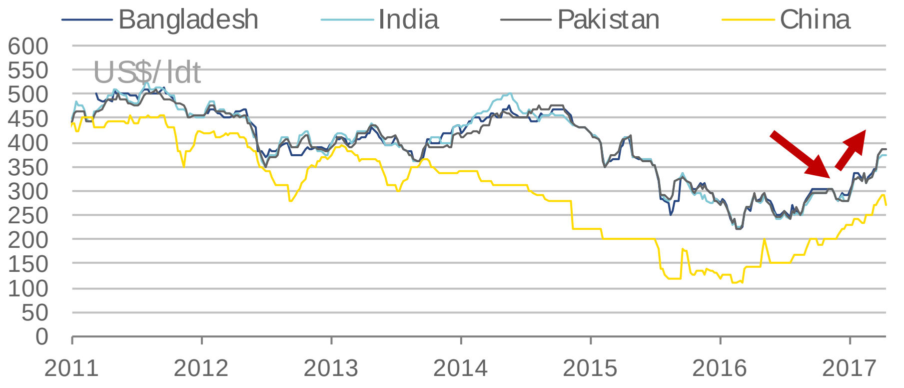
ALLIED Shipping Research

Dry Bulkers – ship recycling

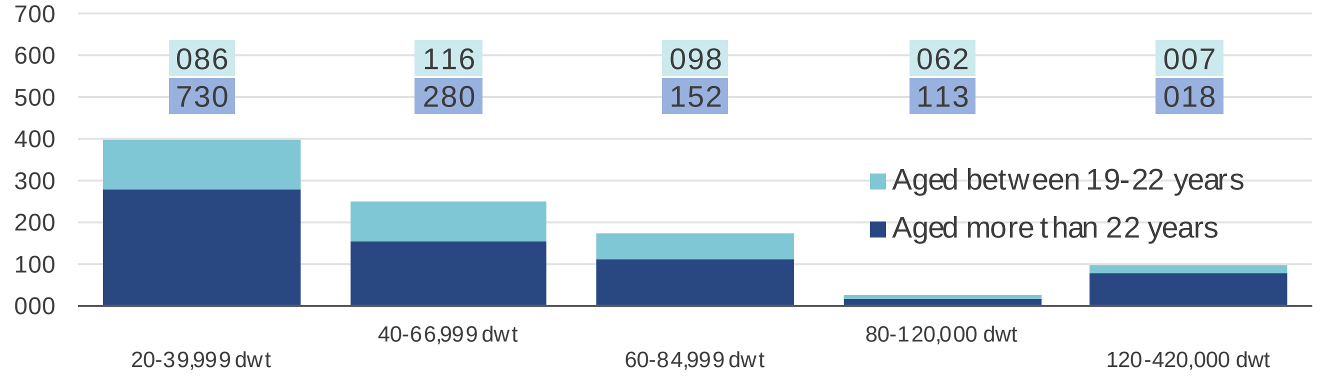
Total scrapping each month (no. vessels)



Scrap prices for dry bulkers (US$/ldt)



Vessels within current scrapping age

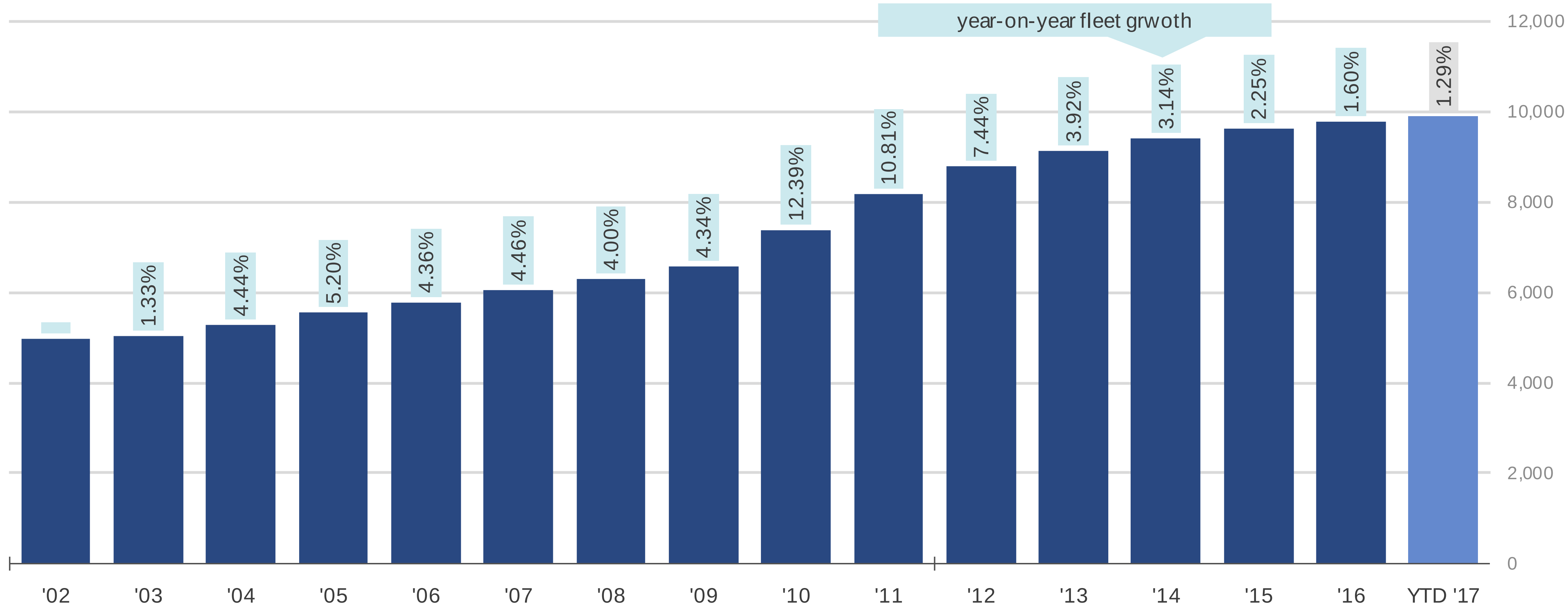


Average scrapping age (years)

	2017	2016	2015	2014	2013	2012
-10,000 dwt	36.39	32.11	35.61	33.17	34.35	32.05
20,000-39,999 dwt	29.39	28.82	28.51	29.26	29.89	29.97
40,000-66,999 dwt	19.15	21.93	25.83	26.89	26.72	27.09
60,000-84,999 dwt	20.39	21.06	23.20	24.84	27.07	28.55
80,000-120,000 dwt	24.54	21.63	23.14	25.21	22.03	23.81
120,000-420,000 dwt	21.80	20.28	20.82	23.40	23.20	22.81
Total (>20,000dwt)	**21.87**	**23.02**	**24.92**	**27.04**	**27.88**	**27.84**

Dry Bulkers – Fleet development

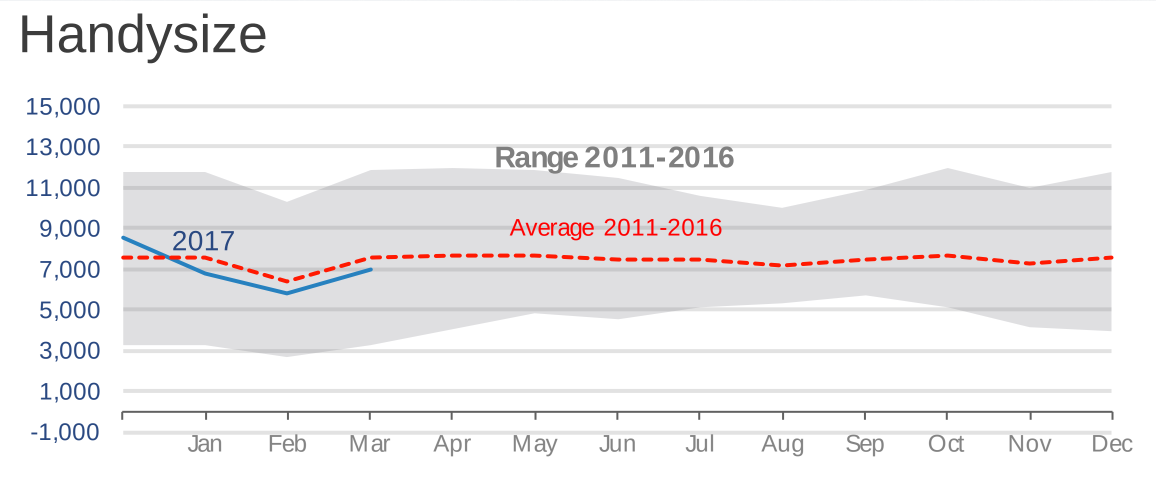
Year-on-Year Fleet Development

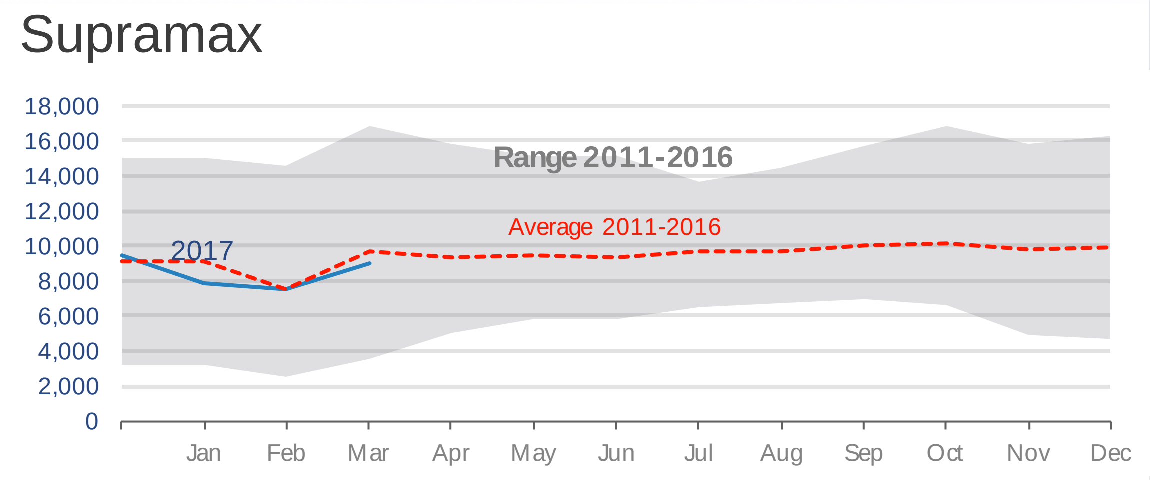


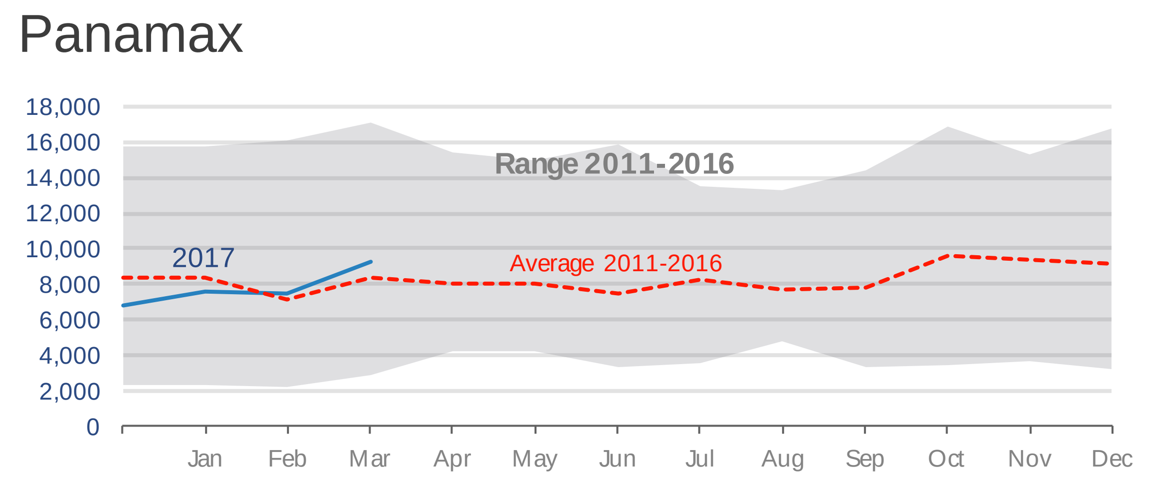
Section 02

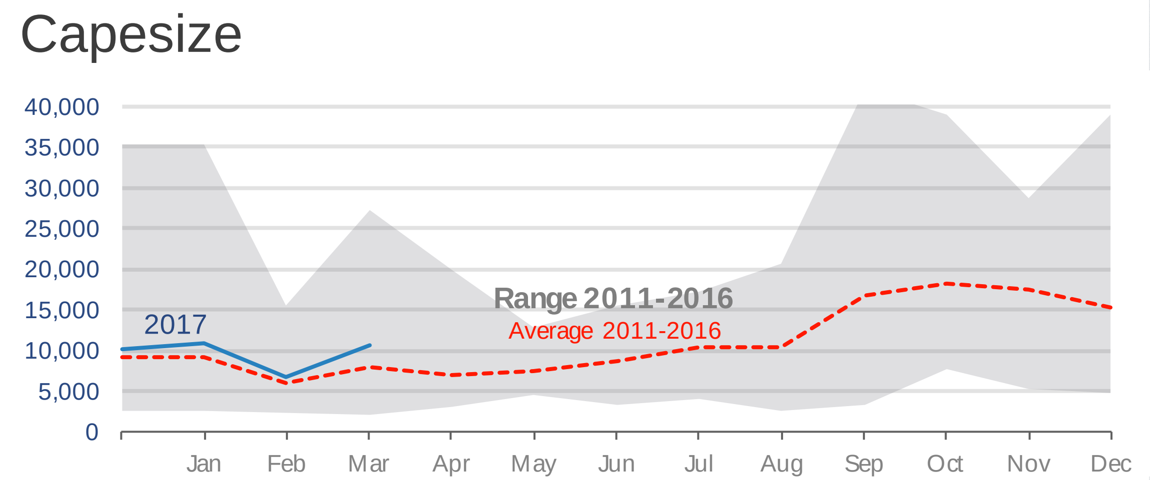
Source: IHS, Allied Shipping Research

Dry Bulkers – freight rates





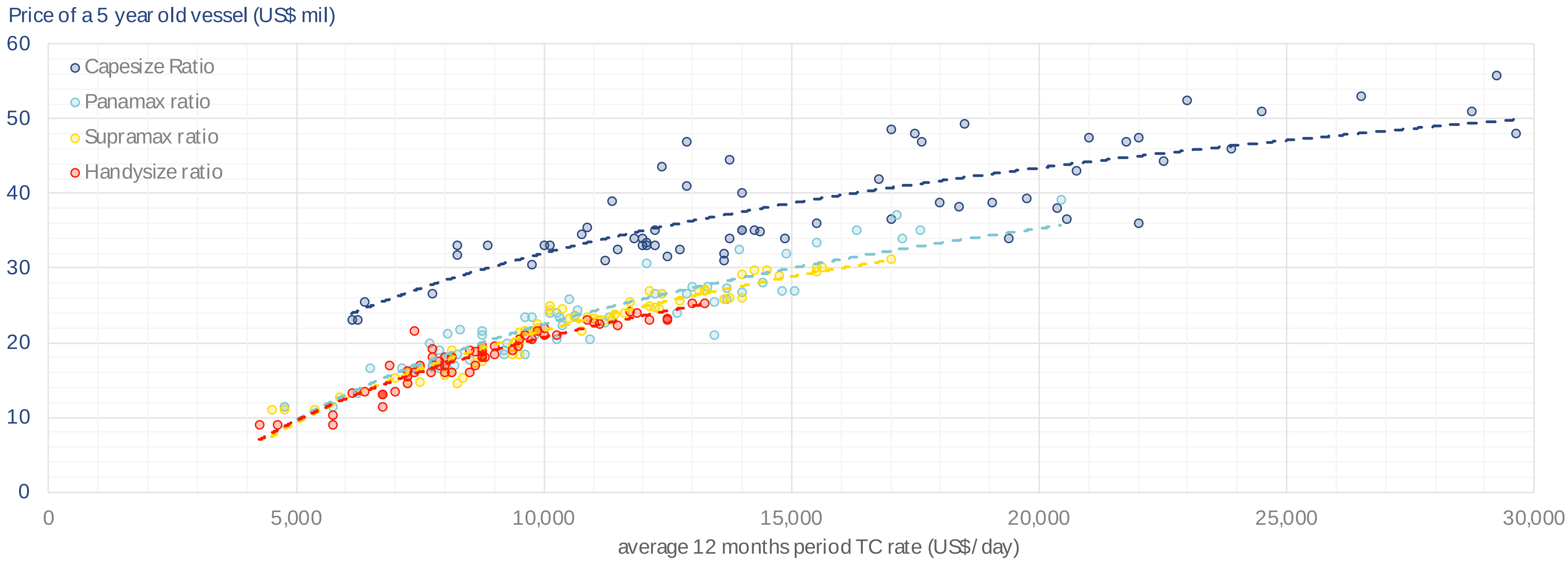




Dry Bulkers – Asset prices against earnings

Correlations between asset prices and freight rate movements

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

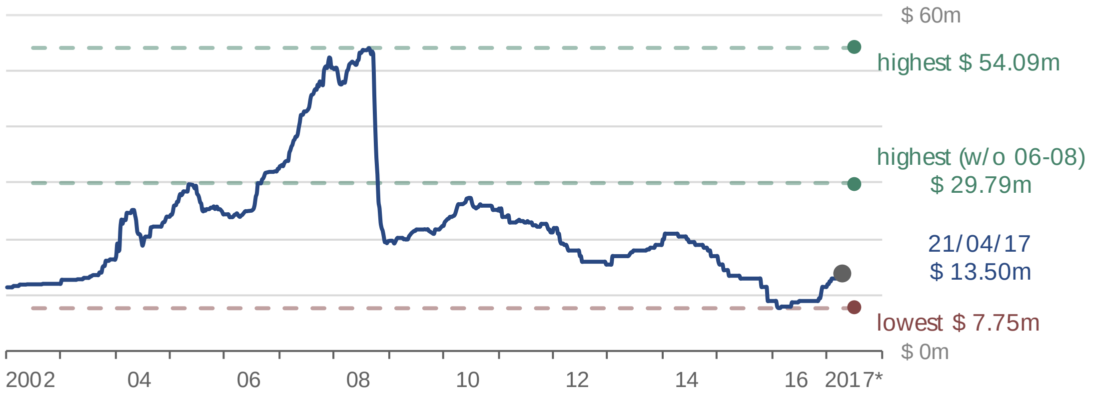


Section 02

ALLIED Shipping Research

Dry Bulkers – secondhand asset prices

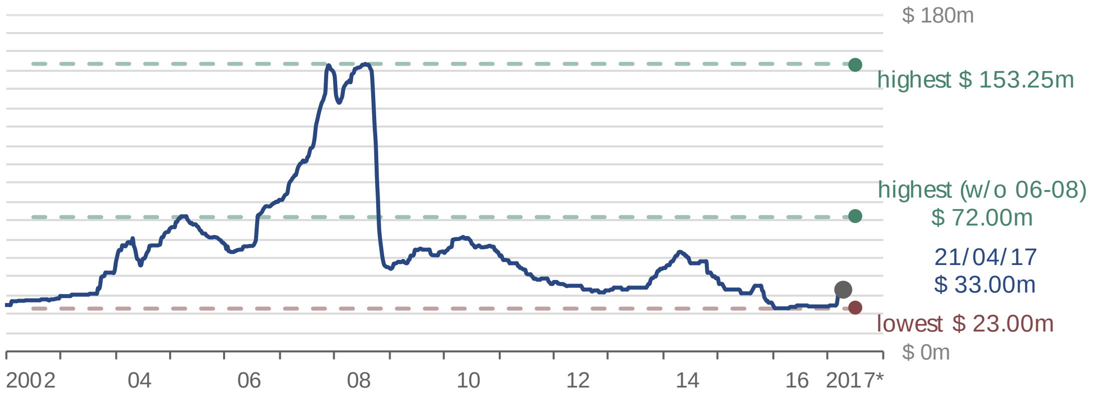
Handysize



Supramax

Panamax

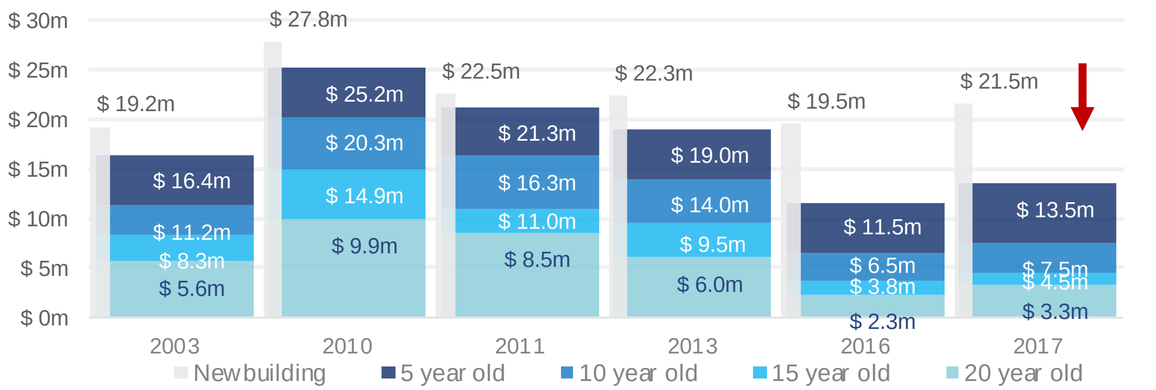
Capesize



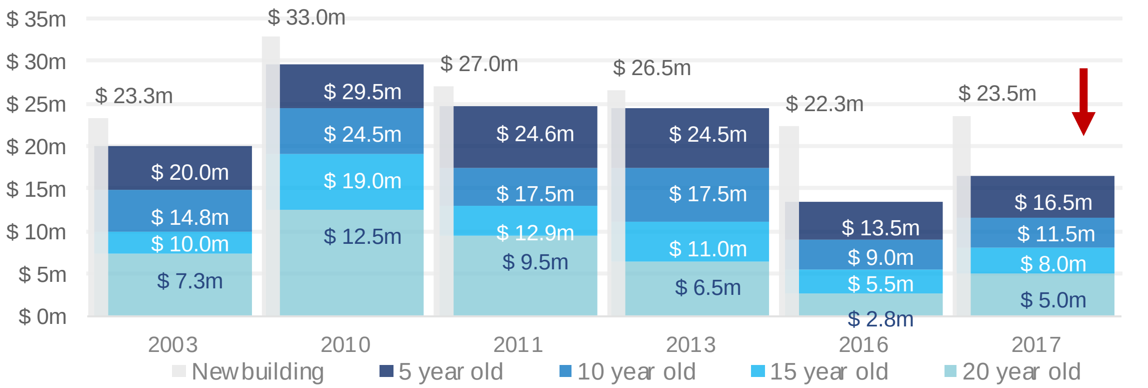
Source: Allied Shipping Research

Dry Bulkers – secondhand asset prices

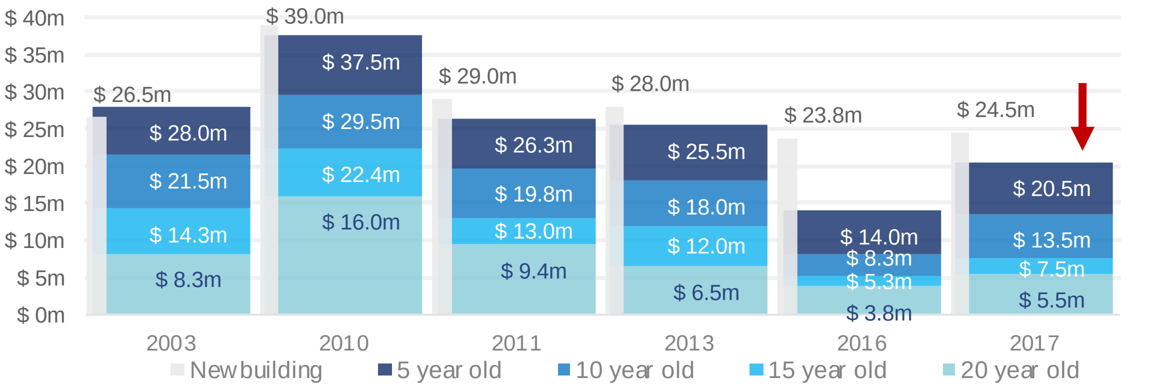
Handysize



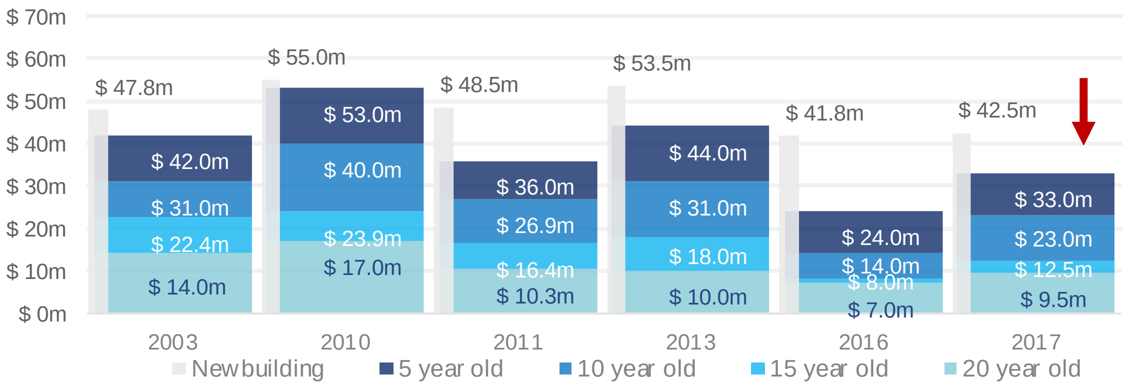
Supramax



Panamax



Capesize

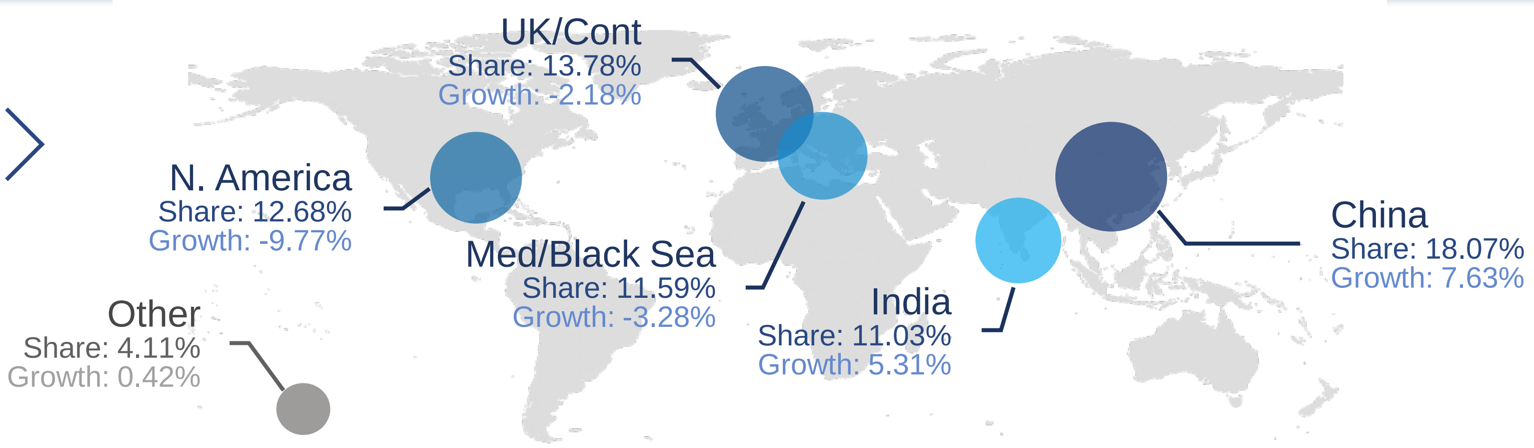


Source: Allied Shipping Research

03
Tankers

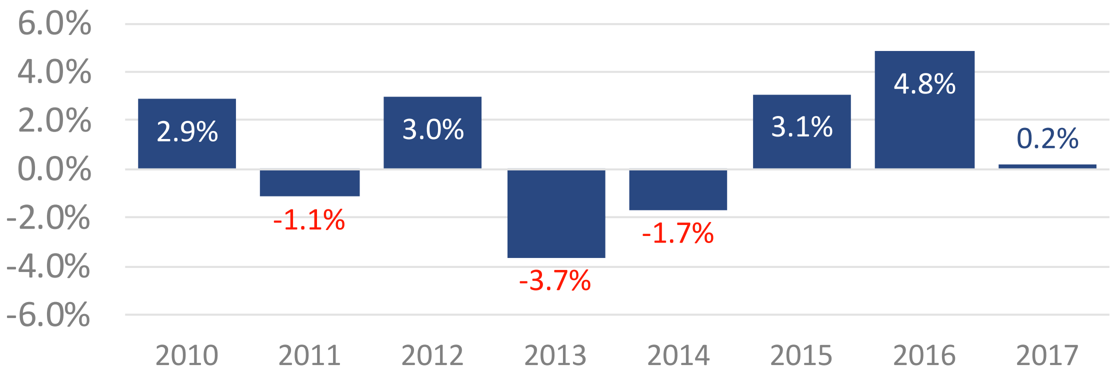
Crude Oil trade

Top 5 Importers
(share for 2016 + expected growth for 2017)



Price of Brent (US$ / barrel)

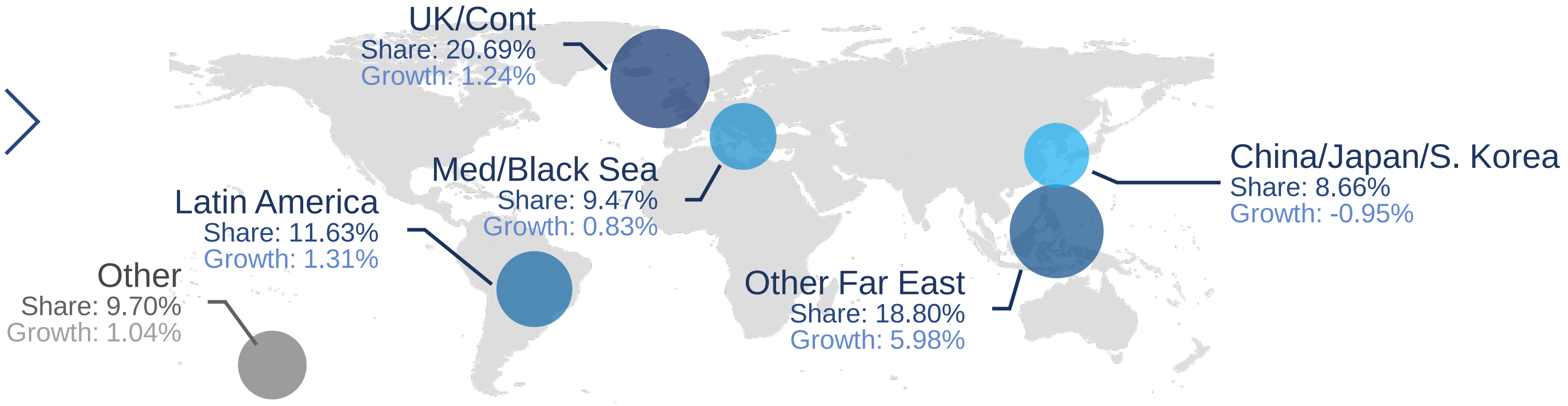
Annual growth in trade



Section 03

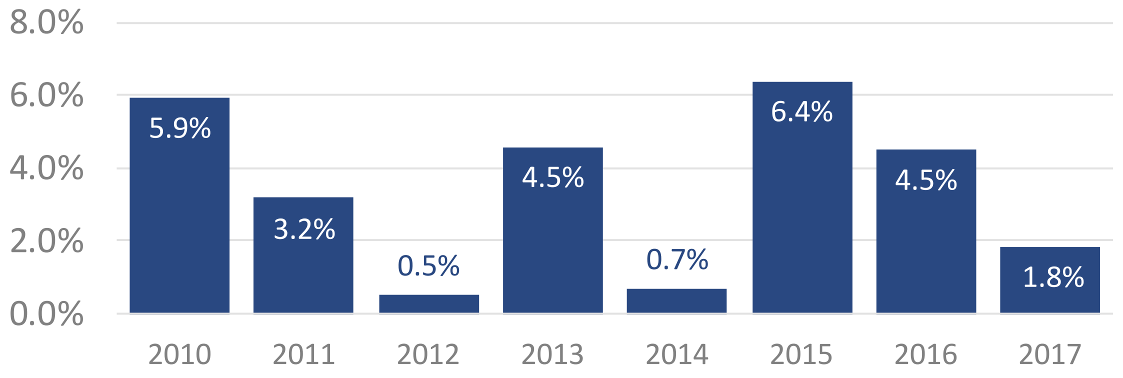
Oil Products trade

Top 5 Importers
(share for 2016 + expected growth for 2017)



Price of Brent (US$ / barrel)

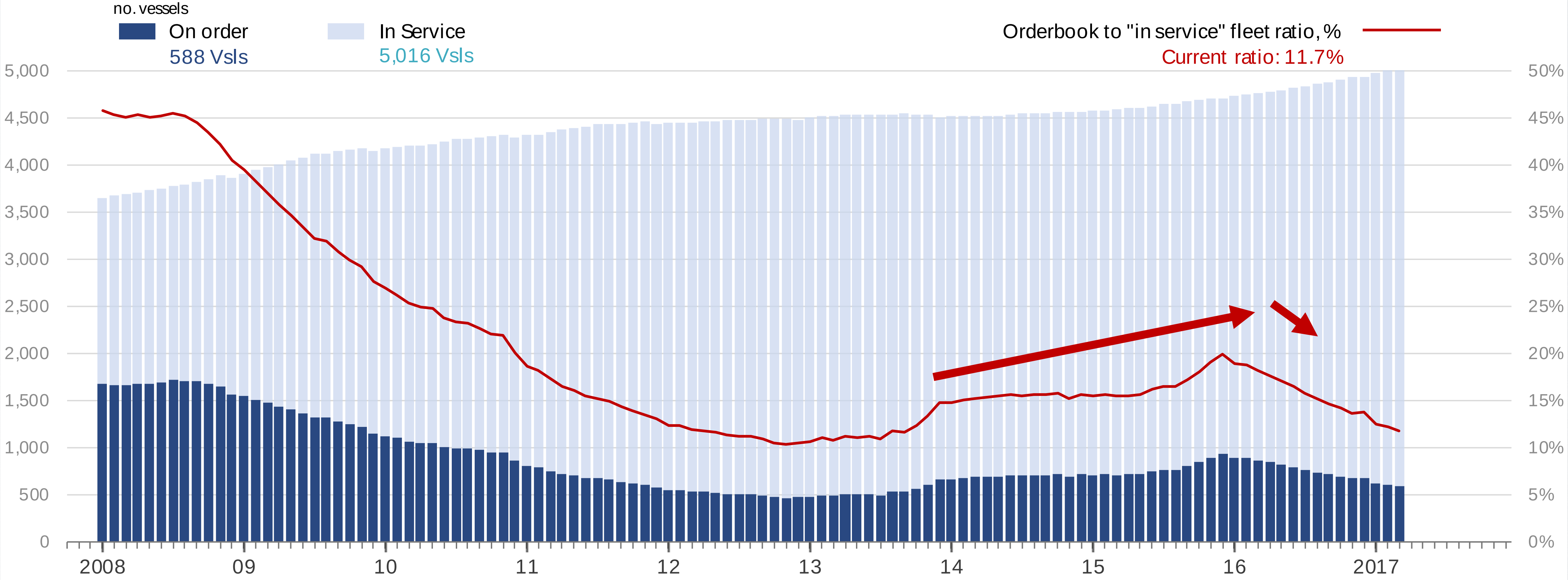
Annual growth in trade



Section 03

Tankers – Fleet and Orderbook

Fleet and Orderbook Development



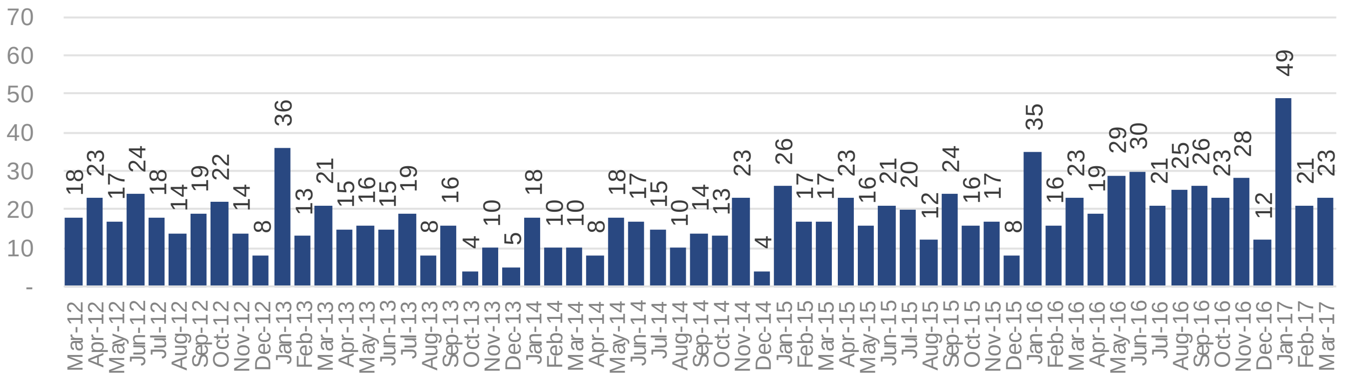
Section 03

Source: IHS, Allied Shipping Research

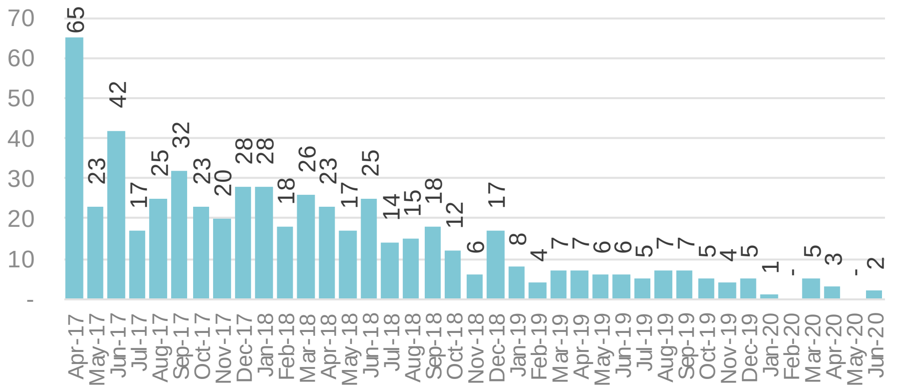
ALLIED Shipping Research

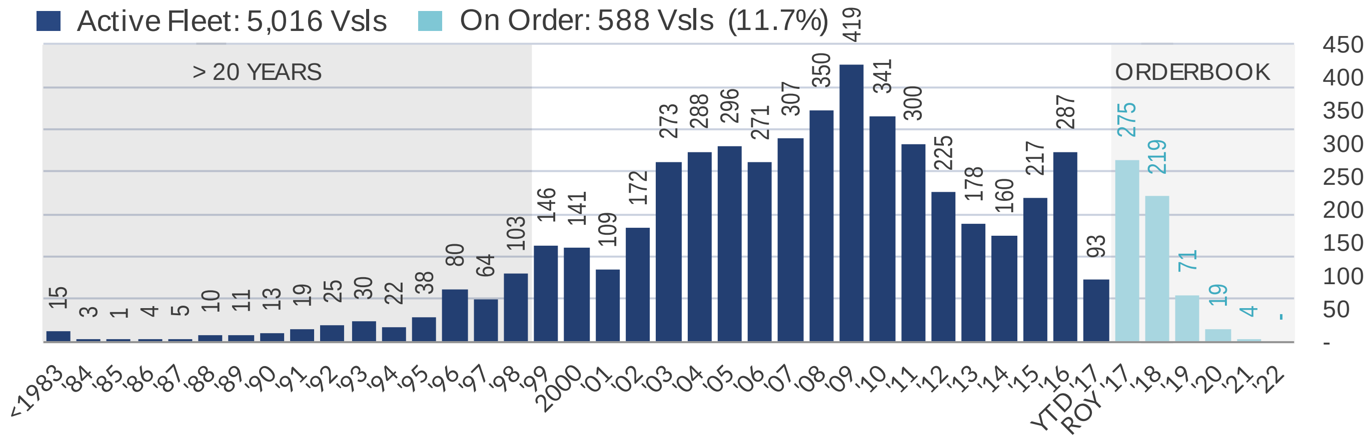
Tankers – newbuilding deliveries

Total deliveries each month (no. vessels)

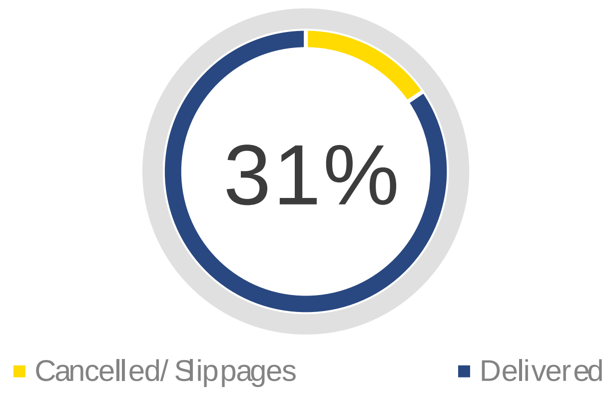


Scheduled deliveries





Percentage of cancelled/delayed

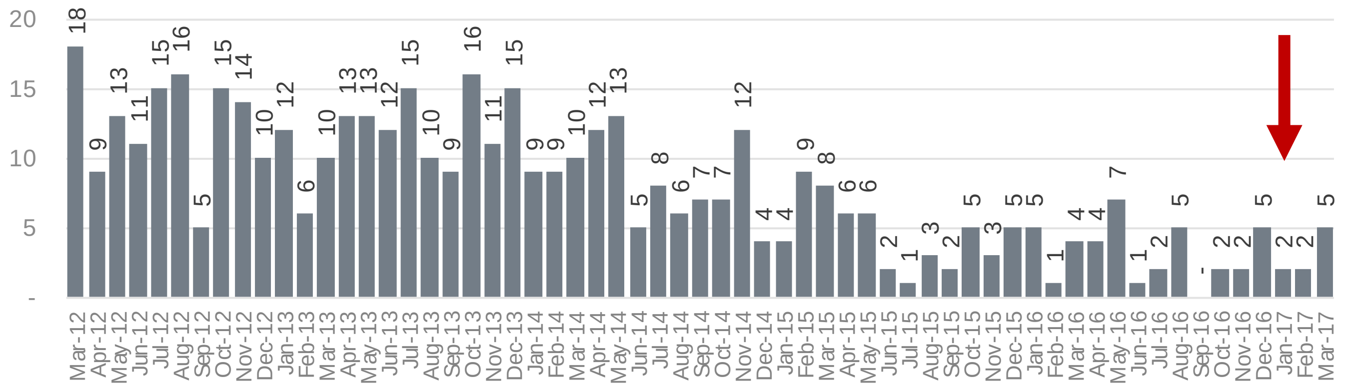


Section 03

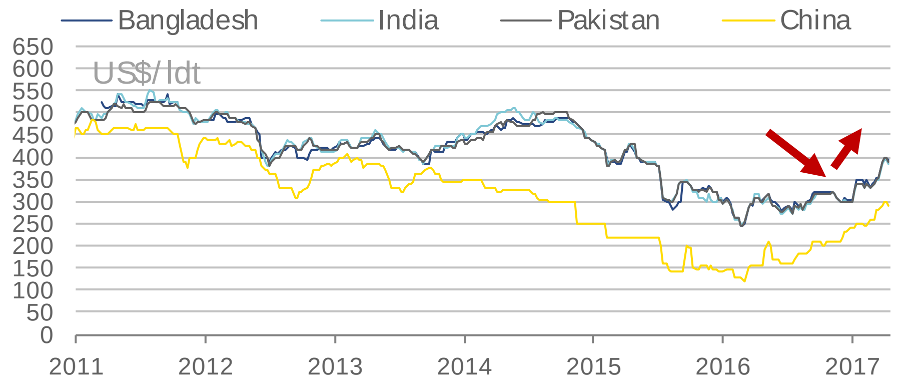
ALLIED Shipping Research

Tankers – ship recycling

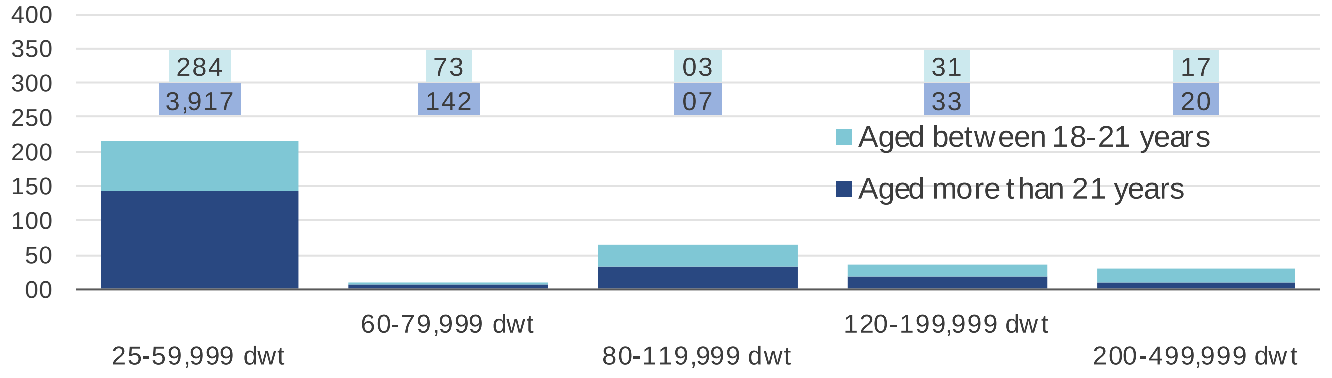
Total scrapping each month (no. vessels)



Scrap prices for tankers (US$/ldt)



Vessels within current scrapping age



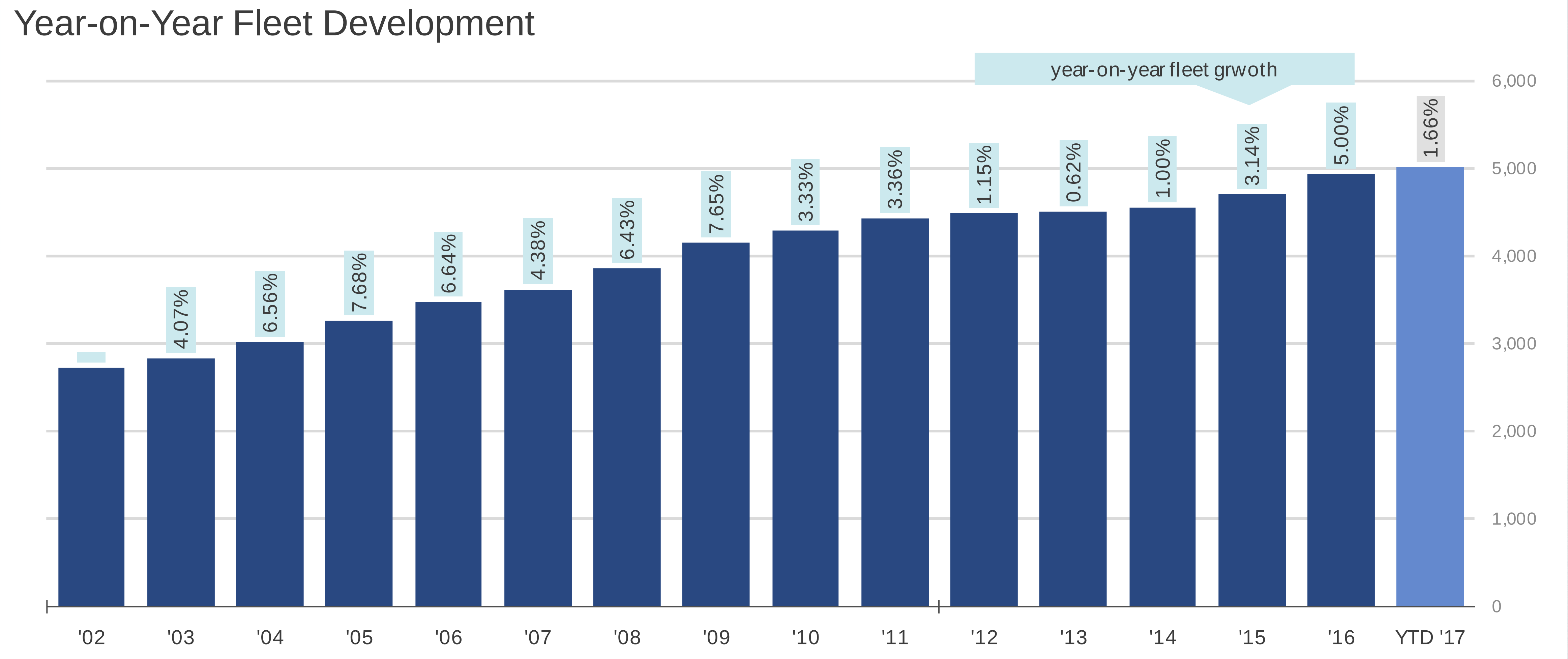
Average scrapping age (years)

	2017	2016	2015	2014	2013	2012
1-24,999 dwt	30.61	32.97	33.32	32.16	31.22	31.77
25,000-59,999 dwt	26.62	27.12	27.13	26.64	27.67	26.66
60,000-79,999 dwt	19.59	20.91	23.44	23.60	23.17	27.77
80,000-119,999 dwt	25.34	22.24	23.72	23.26	22.02	22.31
120,000-199,999 dwt	25.10	32.40	28.73	21.56	20.73	21.77
200,000-499,999 dwt	23.71	20.12	25.27	21.52	20.57	22.65
Total (>25,000dwt)	**25.20**	**26.05**	**25.68**	**24.19**	**23.74**	**24.16**

Section 03

ALLIED Shipping Research

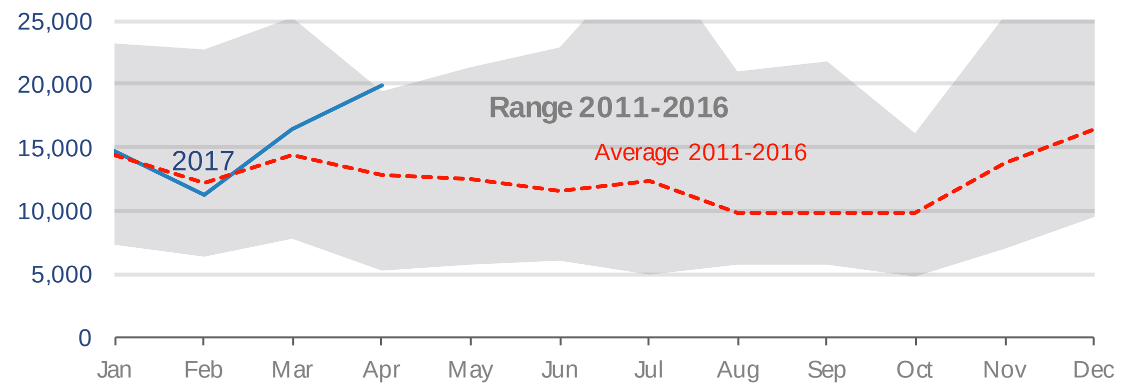
Tankers – Fleet development



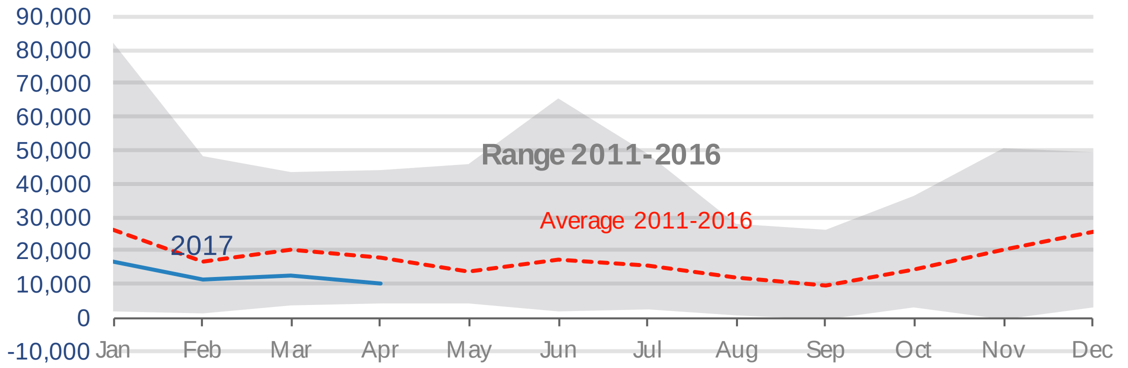
Source: IHS, Allied Shipping Research

Tankers – freight rates

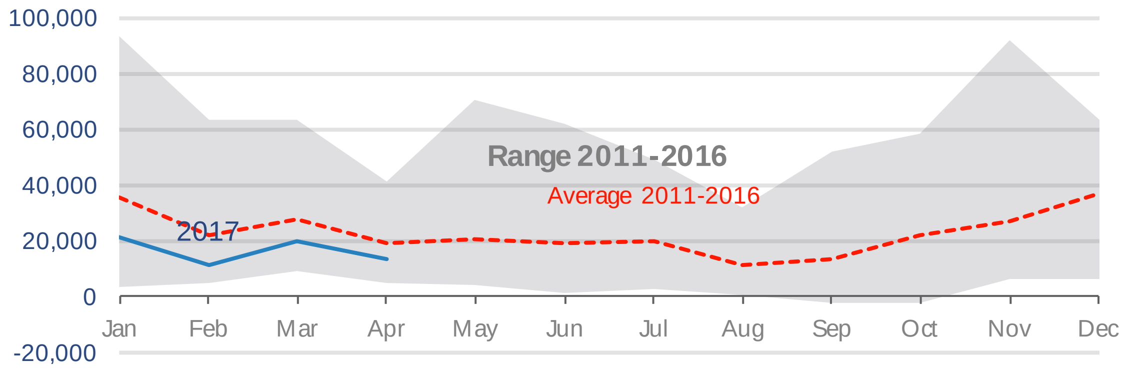
MR



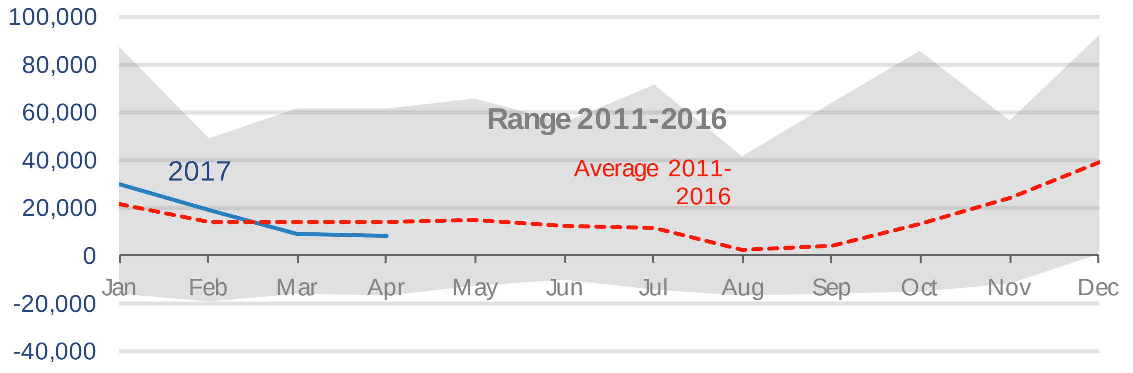
Aframax



Suezmax



VLCC



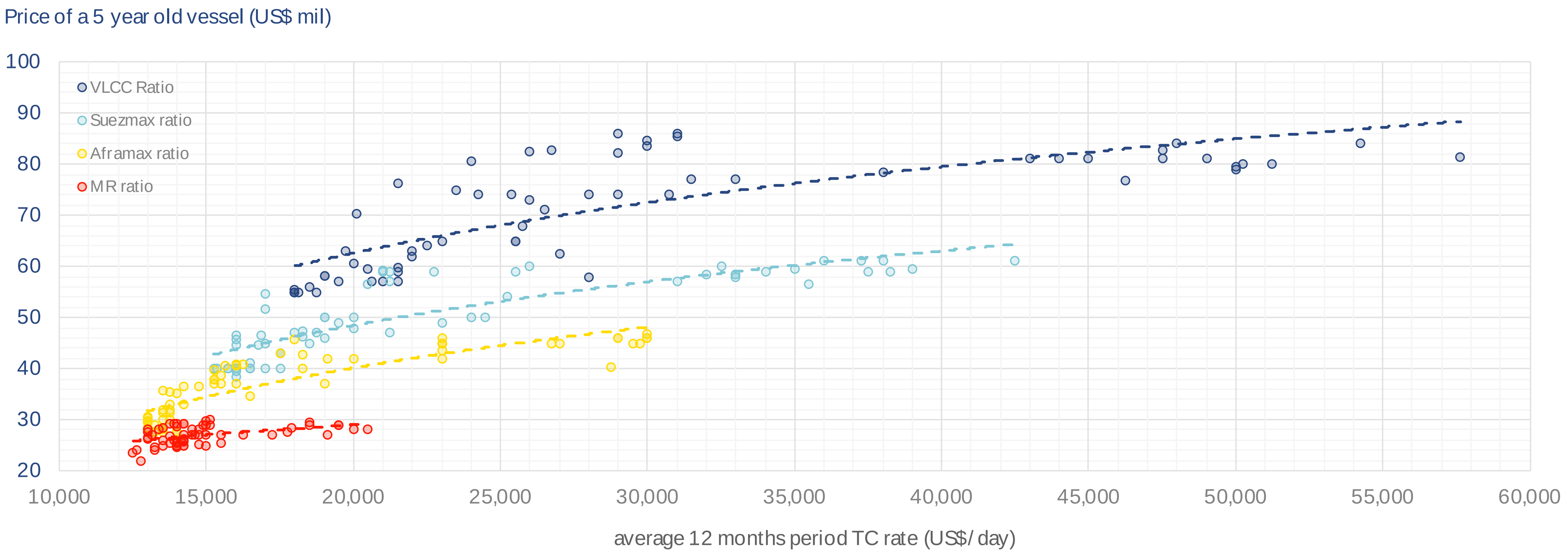
Section 03

ALLIED Shipping Research

Tankers – 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

ALLIED Shipping Research

Tankers – secondhand asset prices

MR

Aframax

Suezmax

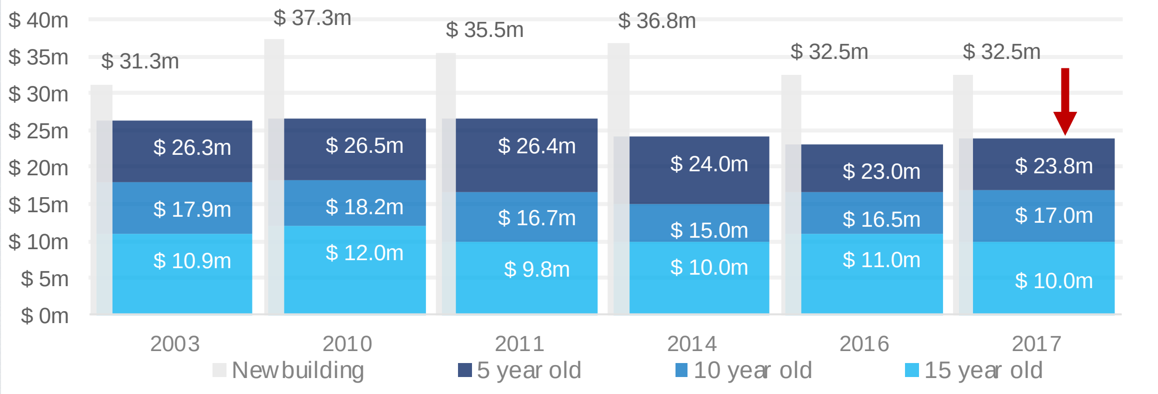
VLCC

Section 03

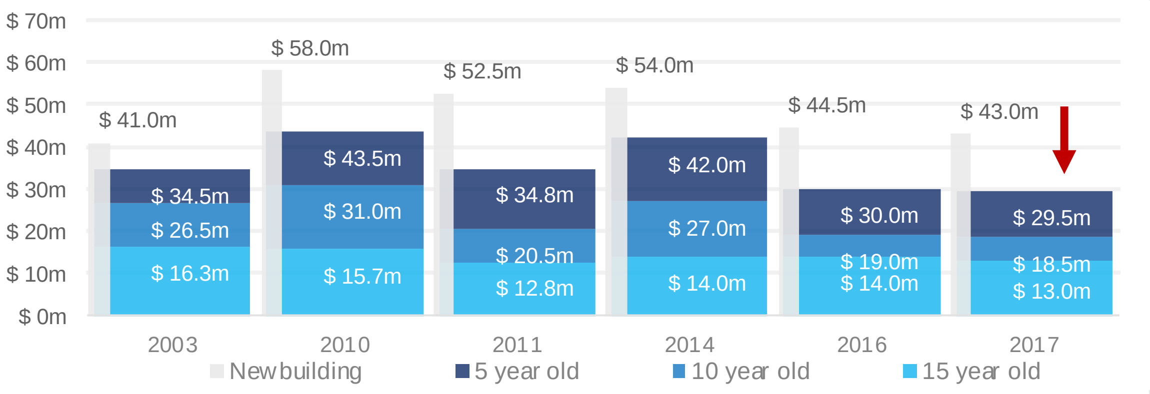
Source: Allied Shipping Research

Tankers – secondhand asset prices

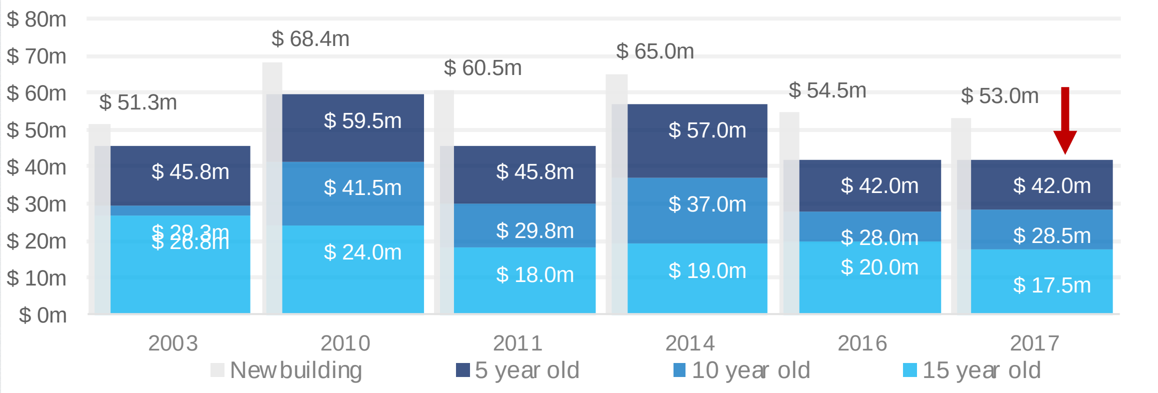
MR



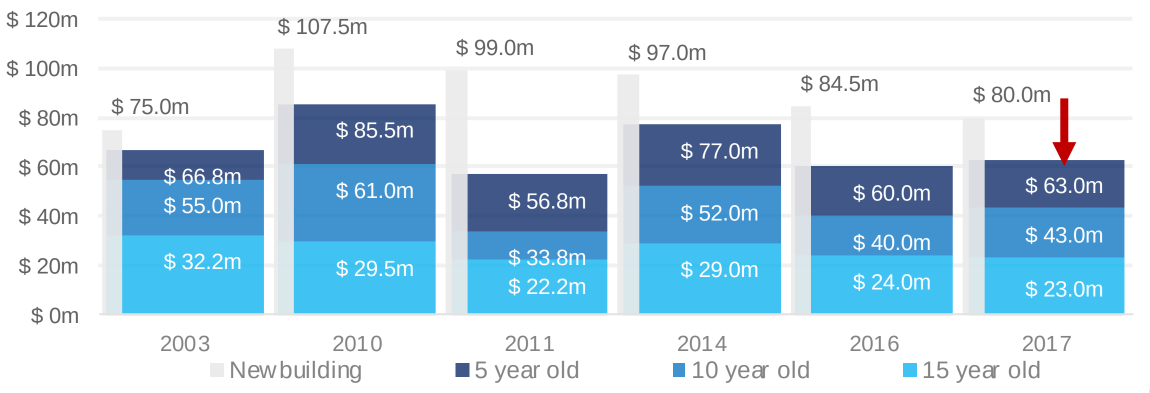
Aframax



Suezmax



VLCC



Section 03

Source: Allied Shipping Research

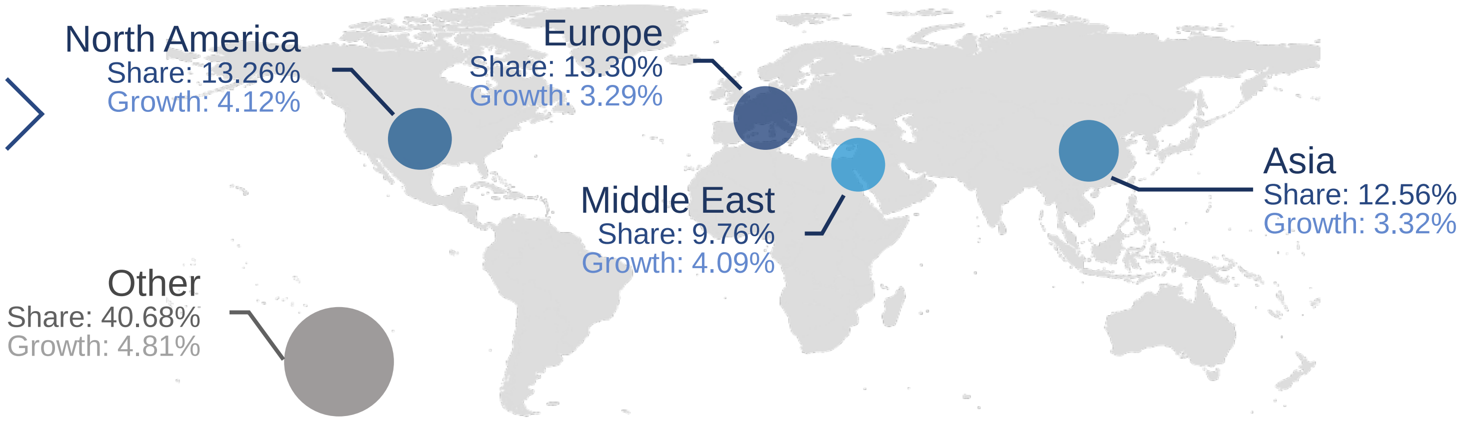
ALLIED Shipping Research

04

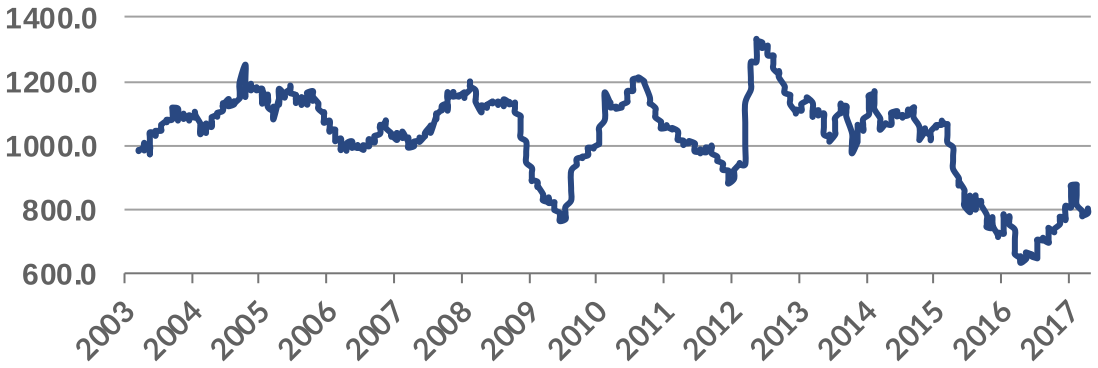
Containers

Container trade

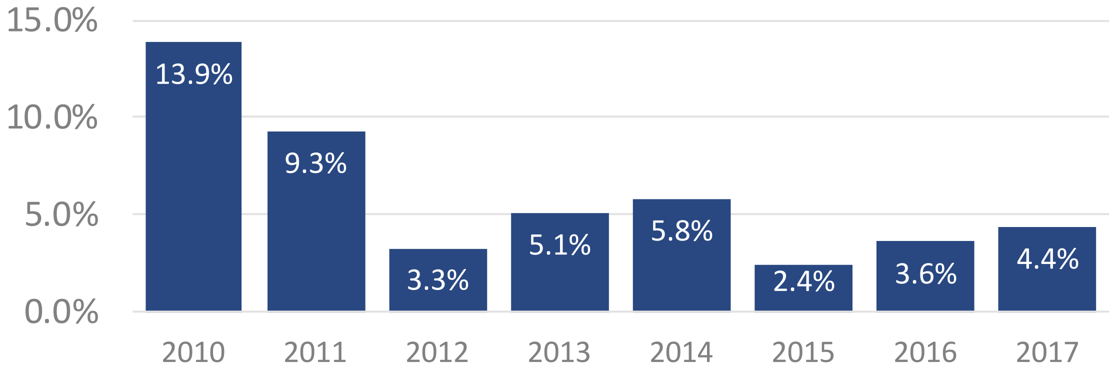
Top 5 Importers
(share for 2016 + expected growth for 2017)



Container price index



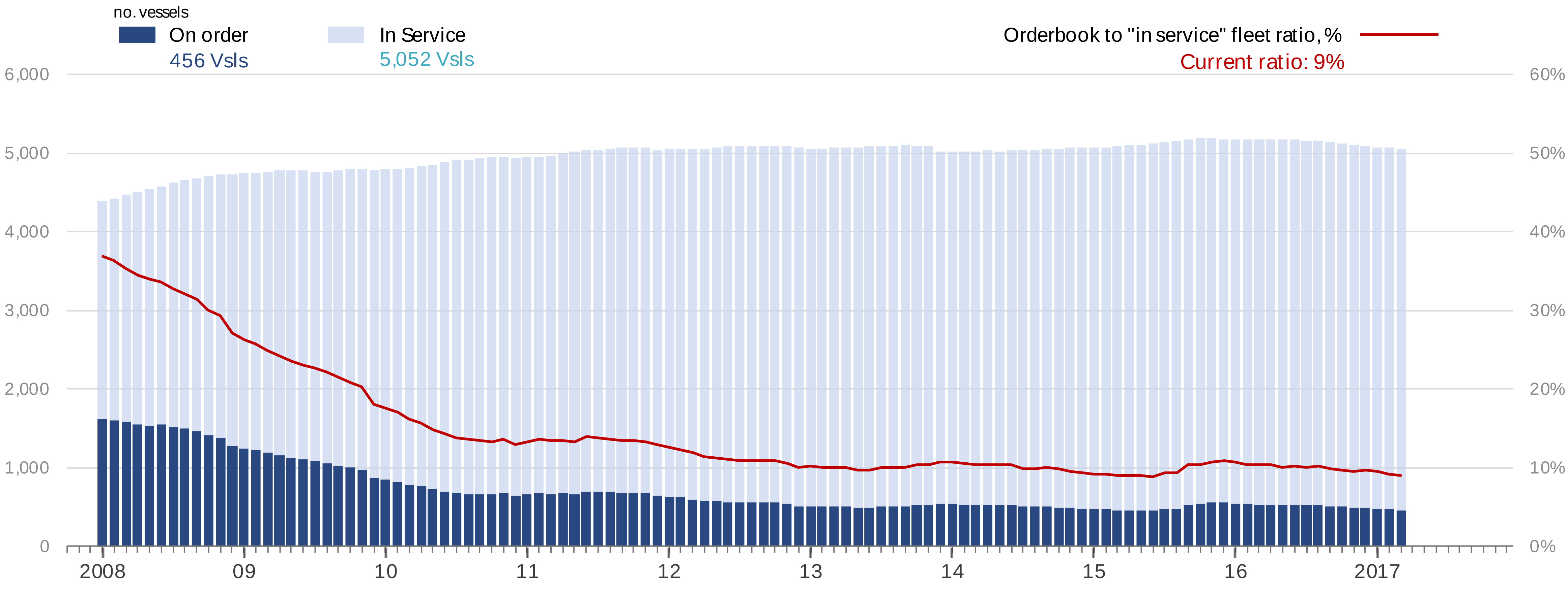
Annual growth in trade



ALLIED Shipping Research

Containers – Fleet and Orderbook

Fleet and Orderbook Development

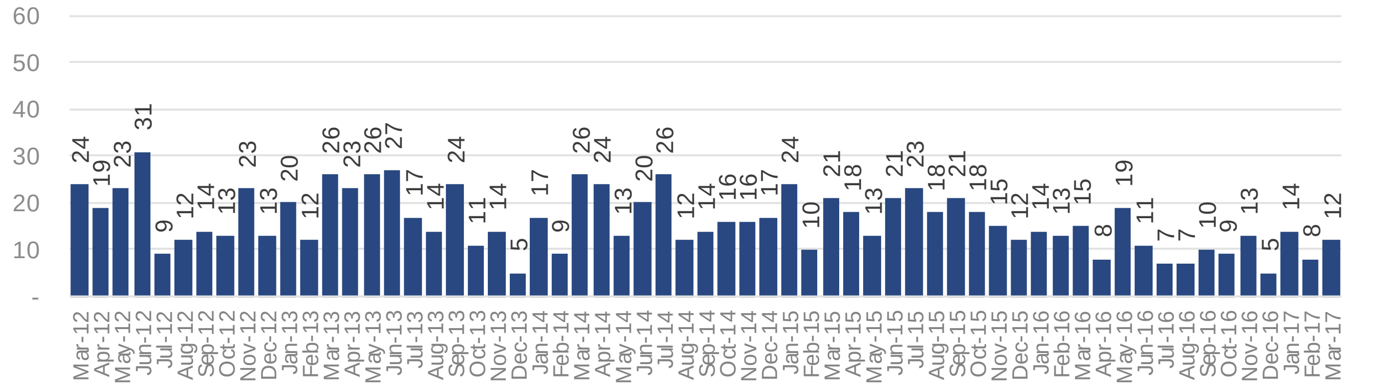


Source: IHS, Allied Shipping Research

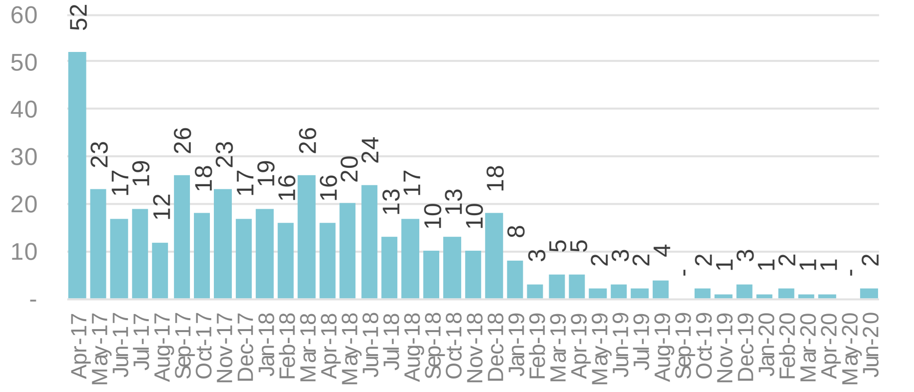
Section 04

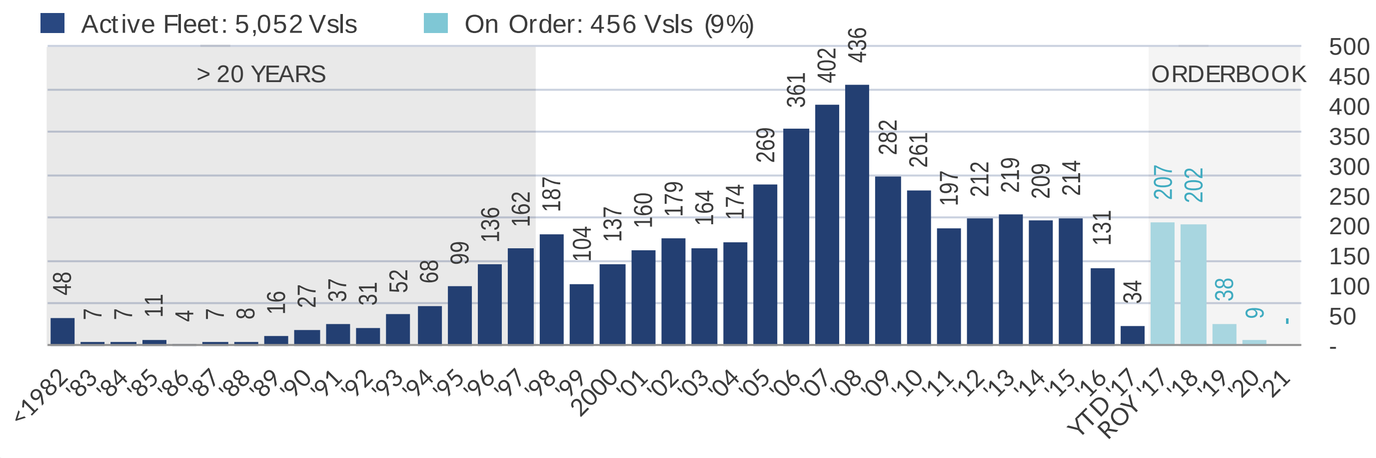
Containers – newbuilding deliveries

Total deliveries each month (no. vessels)

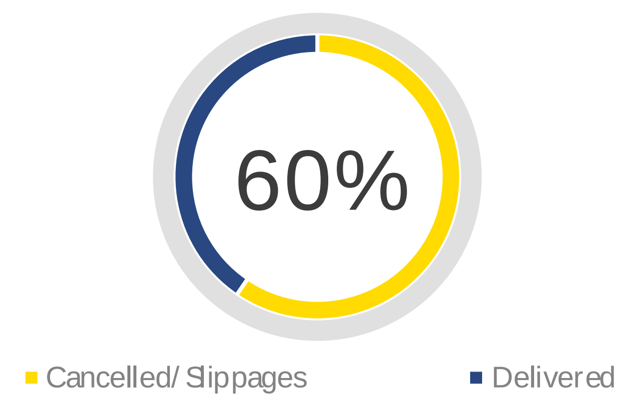


Scheduled deliveries





Percentage of cancelled/delayed

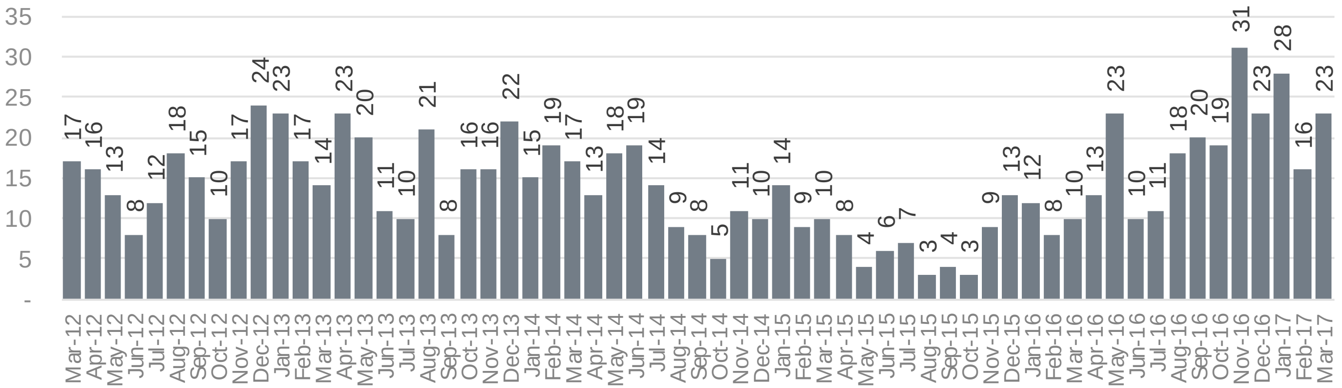


Section 04

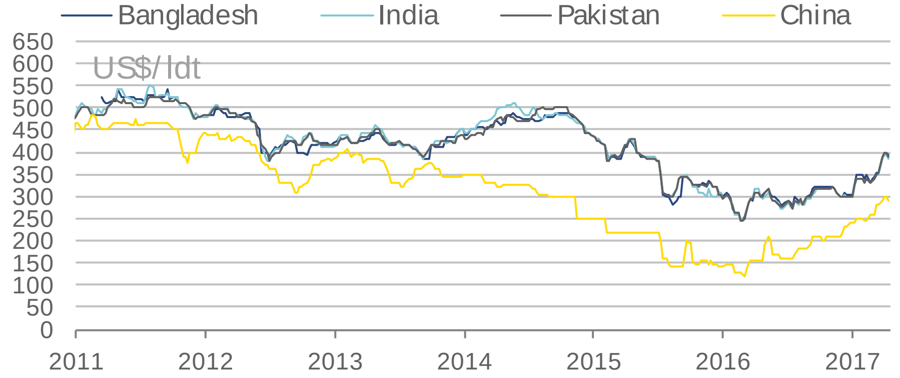
ALLIED Shipping Research

Containers – ship recycling

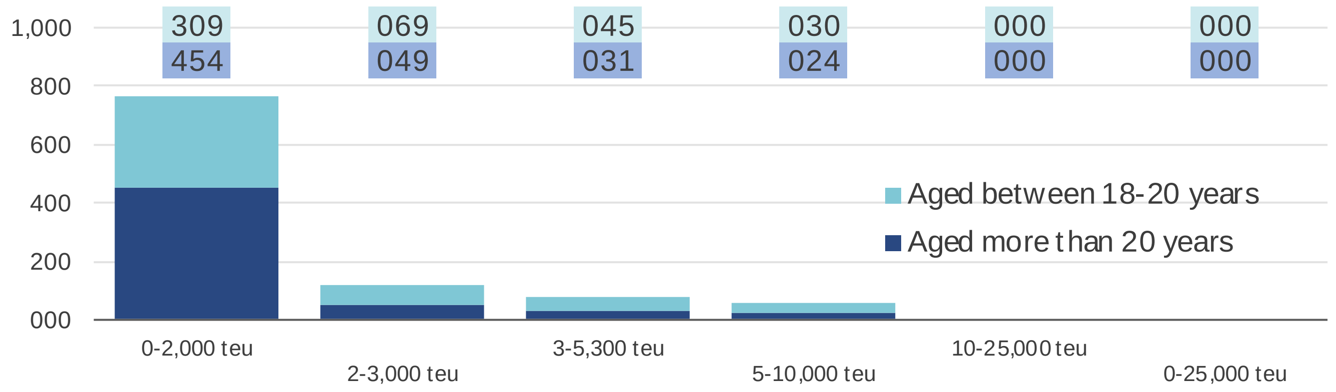
Total scrapping each month (no. vessels)



Scrap prices for containers (US$/ldt)



Vessels within current scrapping age



Average scrapping age (years)

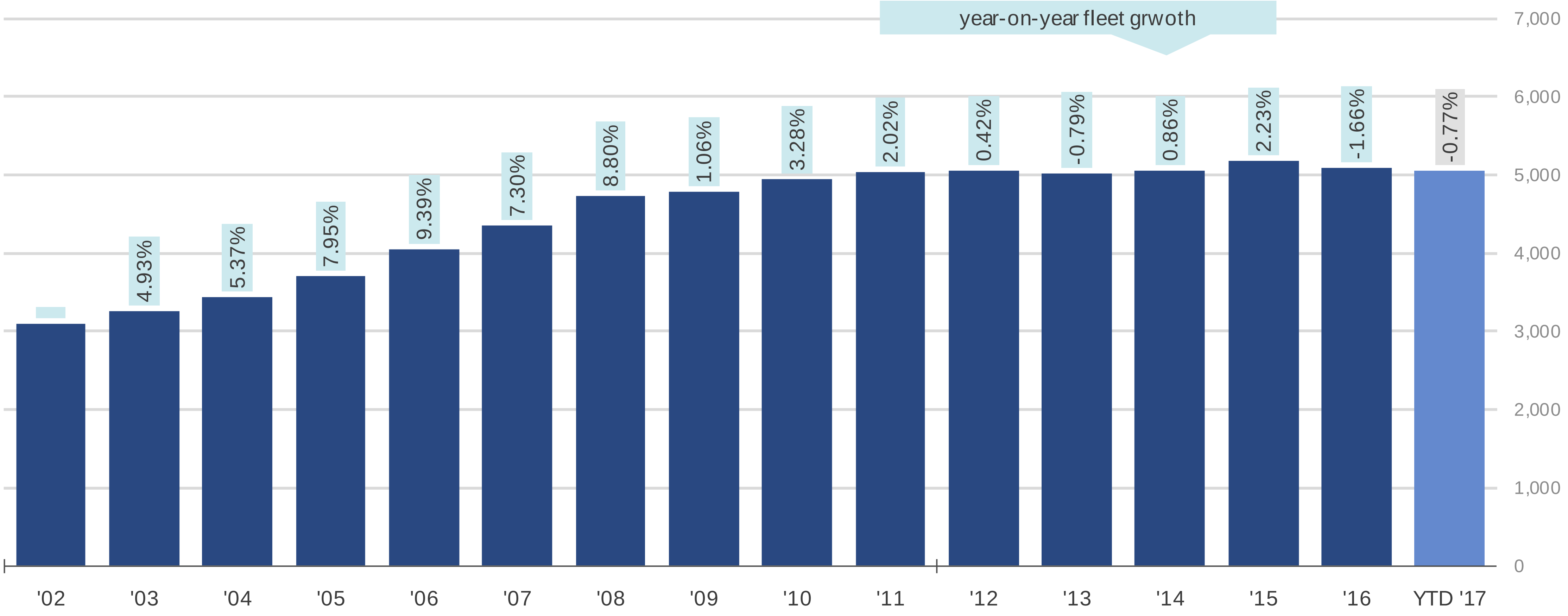
	2017	2016	2015	2014	2013	2012
-2,000 teu	23.23	24.28	22.86	23.65	23.05	23.53
2,000-3,000 teu	19.75	17.50	23.83	21.97	21.75	24.89
3,000-5,300 teu	18.61	17.05	20.57	20.93	20.96	22.38
5,300-10,000 teu	17.66	17.29	18.40	18.74	22.93	16.62
10,000-25,000 teu	-	-	-	-	-	-
Total	**20.20**	**18.70**	**22.40**	**22.23**	**22.19**	**23.61**

Section 04

ALLIED Shipping Research

Containers – Fleet development

Year-on-Year Fleet Development

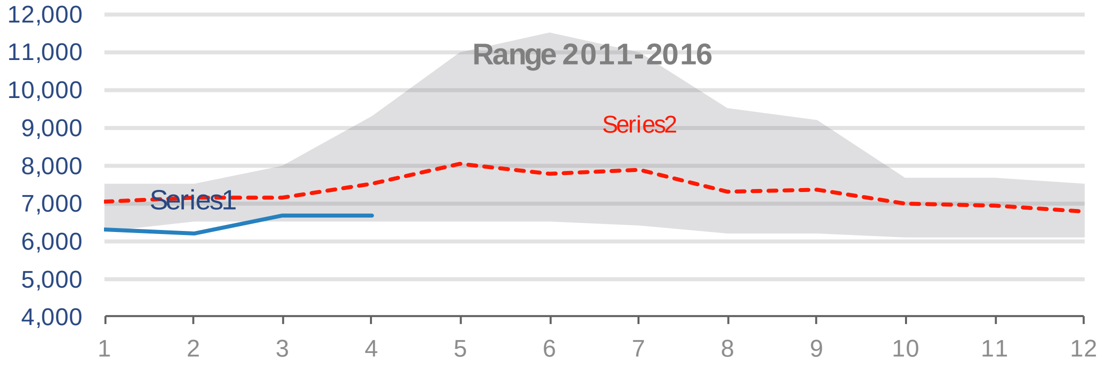


Source: IHS, Allied Shipping Research

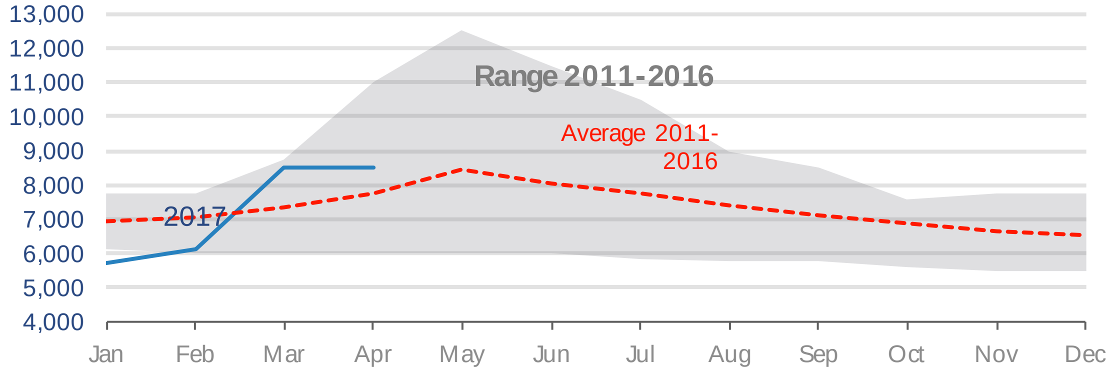
Section 04

Containers – freight rates

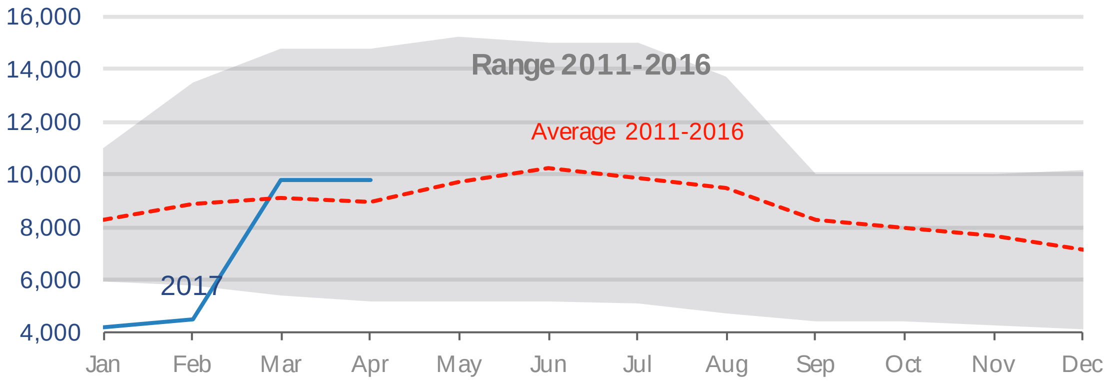
1,700 TEU



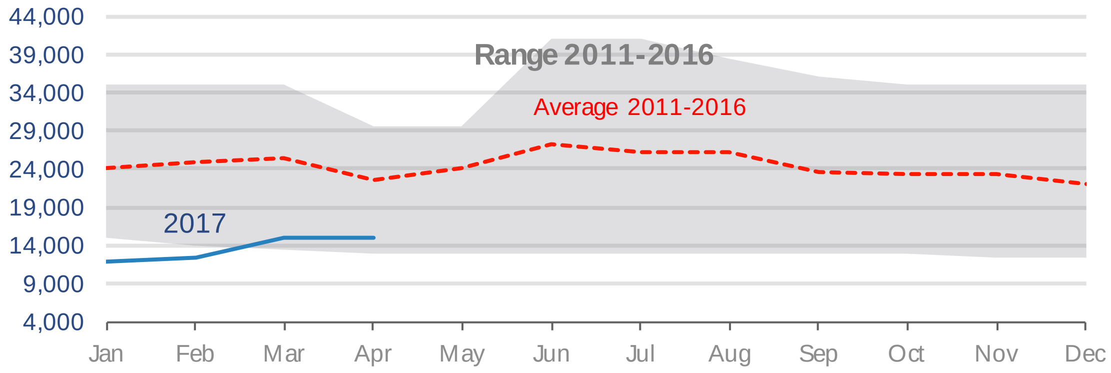
2,500 TEU



4,400 TEU



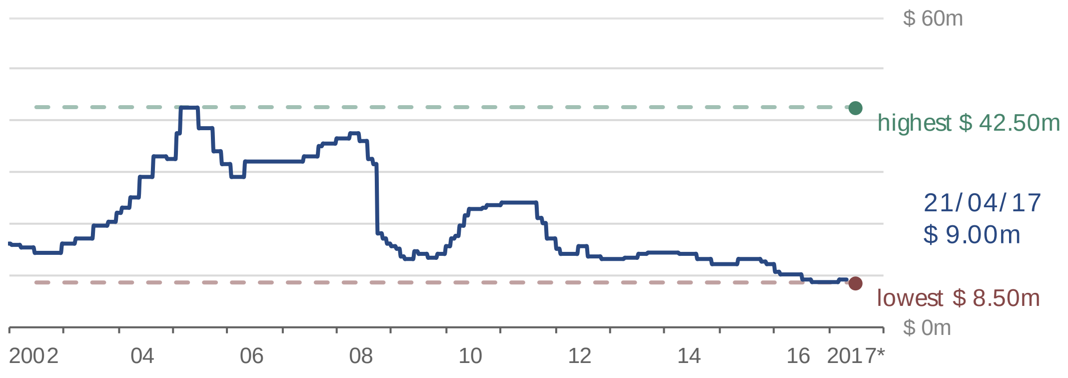
6,800 TEU



Section 04

Containers – secondhand asset prices

1,700 TEU



2,500 TEU

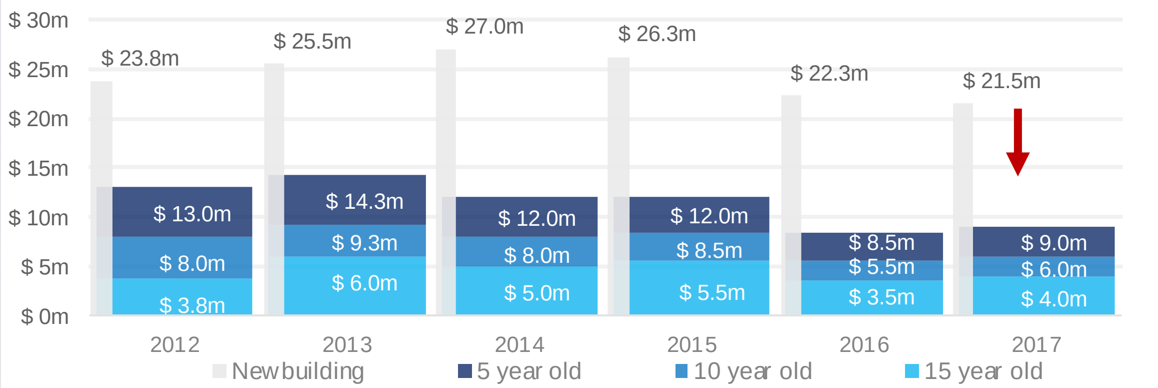
4,400 TEU

6,800 TEU

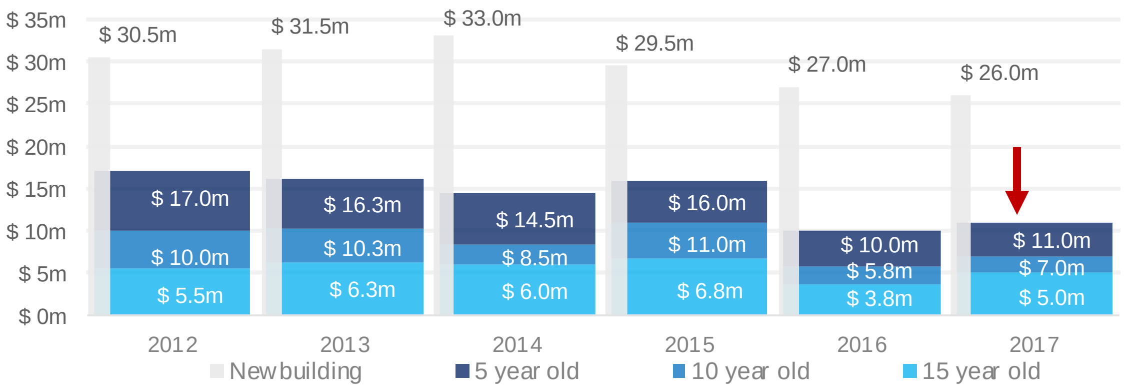
Source: Allied Shipping Research

Containers – secondhand asset prices

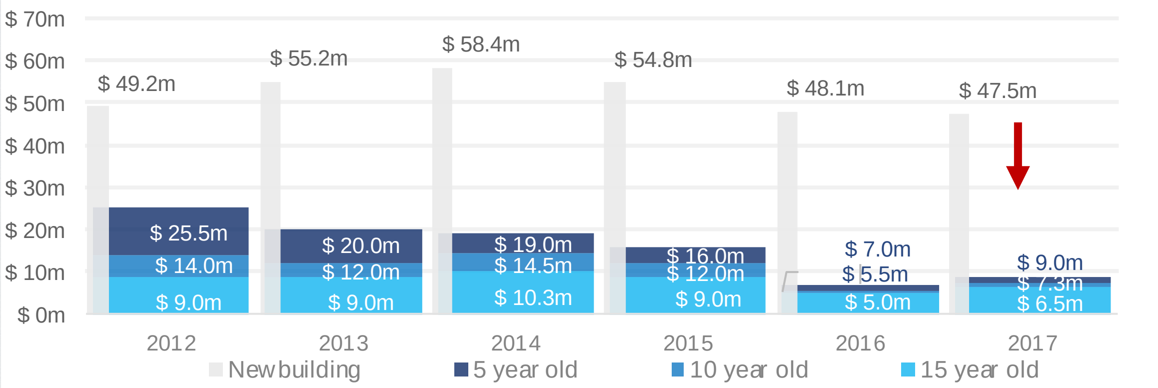
1,700 TEU



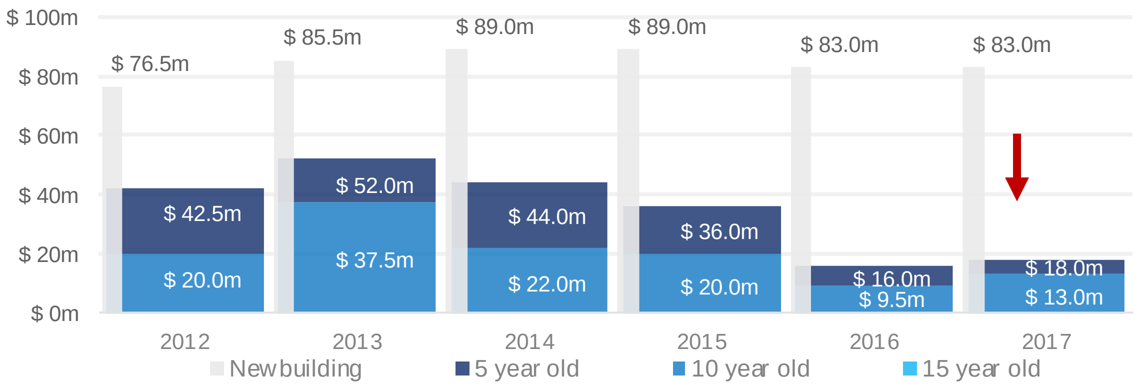
2,500 TEU



4,400 TEU



6,800 TEU



Section 04

Source: Allied Shipping Research

ALLIED Shipping Research

05

Summary / Conclusion

Summary / Conclusion

- Despite recent improvements we still face slow growth in demand
- Fleet growth has been capped fairly up to now
- New orders have been minimal though interest is now on the rise
- Asset prices are still holding at comparatively low levels
- Confidence has resumed in shipping investments
- Lack of ease of finance could help keep things under check though as earnings improve further traditional financiers will likely flock back in

- There are still opportunities in most sectors for entry at a market low point – freight market improvement has only just started

ALLIED Shipping Research

We care. We deliver.

Email: research@allied-shipbroking.gr

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

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

ALLIED Shipping Research