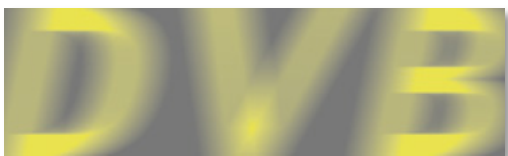

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Marine Money Cyprus Ship Finance

Potential Opportunities & Threats for Trade, Growth & Shipping in the next two years

Cyprus, April 16, 2019 - Peter Bergman, Head of Strategic Planning & Research

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Potential (short term) risks to Shipping (trade)

1. Global Economy - direct & indirect (combined) impact of:
 - i) geo-politics;
 - ii) (protectionist) policies;
 - iii) debt levels/available credit;
 - iv) FX & interest levels;
 - vi) trade restrictions.
2. Globalization in Transition - recent history shows:
 - i) trade intensity production down
 - ii) services outpacing goods
 - iii) “labour trade” reducing
 - iv) on-shoring increasing (also due to technological development)
 - v) impact circular economy / environment
 - vi) new technologies are less trade intensive than earlier ones;
3. Large growth economies maturing: change in GDP composition with new growth being less trade intensive, impact to policy making, more regional processing (more dominance demand than before);
4. Technological / regulatory developments shipping: new design, fuel economics, residual value/ technical obsolesce, risk of two-tier markets; changes to fuel mix, ECA zones increasing;
5. Pathway to the decarbonisation of the broader economy increasingly a threat to hydrocarbon shipments;
6. Shipping (Finance) Transition: less traditional players, new comers with different requirements;
7. Unexpected events: have a high(est) impact, (as usual but some sectors more exposed than others);

Not all doom & gloom: short term positives / opportunities

1. Still reasonable sound economic growth projections (but above average risk recognized);
2. Fast growing (Asian) economies still doing relatively well;
3. Albeit less robust still positives from Belt & Road initiative on asset based investment;
4. Individual global economic risks on horizon seem manageable in isolation;
5. Shipping markets have seen steady improvements in recent years;
6. Fleet growth at relative low levels versus last decade and a low orderbook across most sectors;
7. Consolidation continues (more so in certain sectors);
8. More controlled yard capacity;
9. Lower actual supply availability given potential of: slow steaming, delivery slippage, increased scrapping (in particular start century yob), retrofit/tank cleaning time (indirect positives of increased regulatory requirements);
10. Tanker market potentially seeing increased (ton-mile) demand along with floating storage and gas in particular looking bright on itself (energy transition/IMO 2020 effect);
11. Markets dynamics and trading routes becoming more complex/diverse with ton-miles increasing for many sectors/commodities

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