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[shipping update]

maritime
economy

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	Synthetic framework	2
	Dry Bulk Segment	4
	Liquid Bulk Segment	7
	Container Ships Segment	10
	Offshore Segment	12

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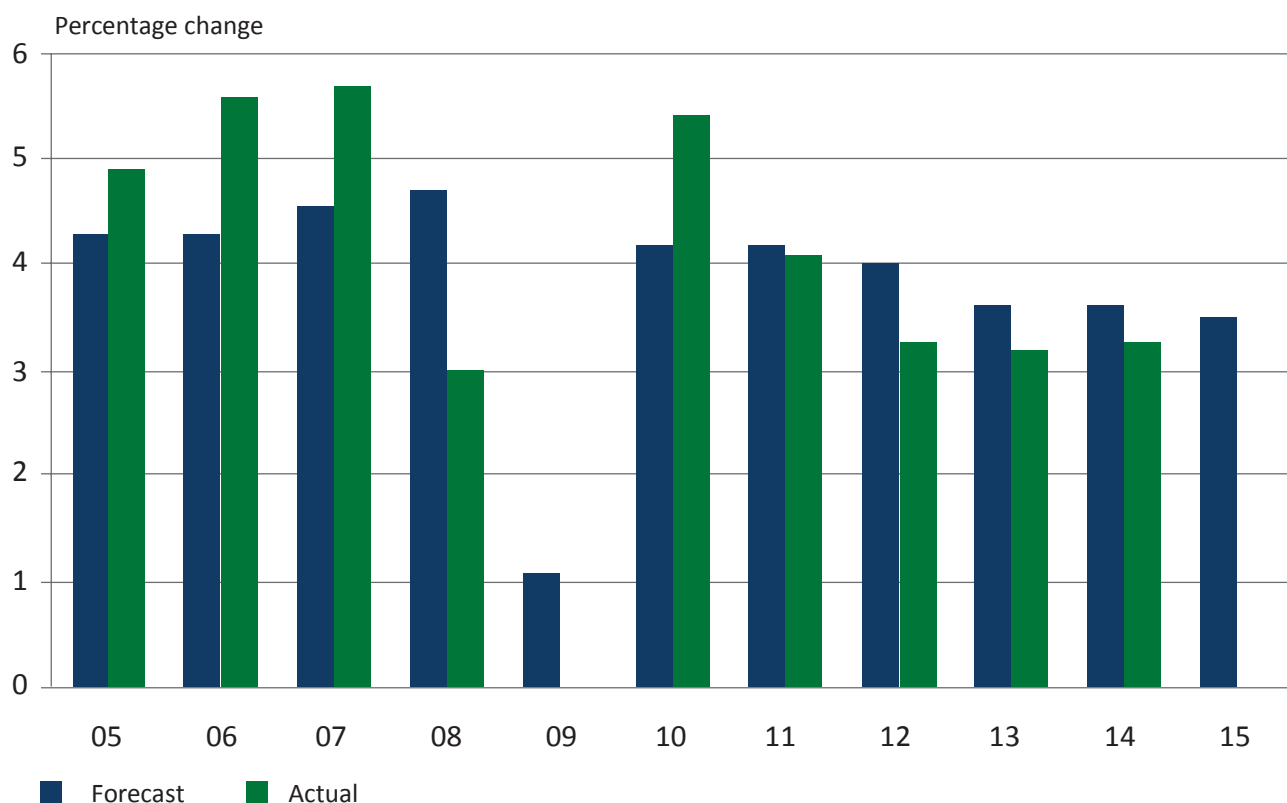
Trends of the major segments of maritime transport in 2014 with an update to the first months of 2015

Despite the forecasts, 2014 was not the year of the recovery for the shipbuilding industry. Without a strong world economy, the fleet utilization rate remained steady although considerable differences amongst the various market segments came to light: a favourable trend for LPG and tankers while bulk carriers recorded a drop.

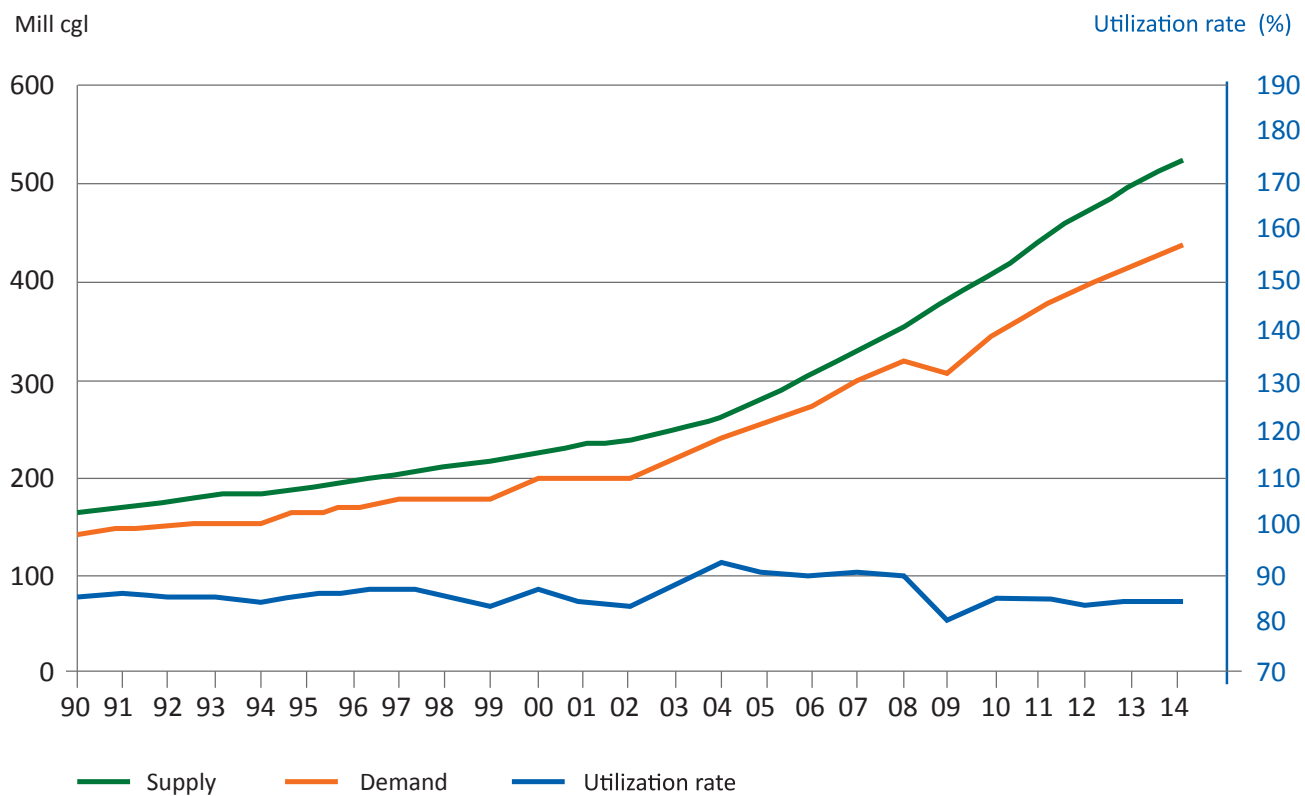
The volatility of freight rates, as characterized last year, arose from endogenous industrial factors due to American shale oil production, which provoked an increase in the LPG shipments and, as a consequence, a drop in the oil price, although the extraction levels remained constant.

In the bulk segment, the swing in the Chinese energetic policy led to a reduction in coal consumption while the ban for Indonesia to export bauxite and nickel contributed to the drop of freight rates.

Global economic growth 2005-2015. Forecasts and actual growth rates



Supply, demand and utilization rate 1990-2014. World merchant fleet





Dry Bulk Segment

In 2014 freight rates were on average lower than 2013. The ships oversupply remained constant while Chinese coal (-11%), bauxite (-49%) and nickel (-33%) imports decreased. As a matter of fact, with the delivery of new vessels amounting to 47 million dwt, the world fleet increased by 5% while the demand grew by about 4%. Moreover, the orderbook rose by 16-20% of the existing fleet. As for the reduction in the Chinese import, it was triggered by the nickel and bauxite export ban to Indonesia since January 2014, along with the reduction in the demand of coal by factories, brought about by both the new Chinese energy policy, which has endorsed the hydroelectric sector, and by the high levels of stockpiles.

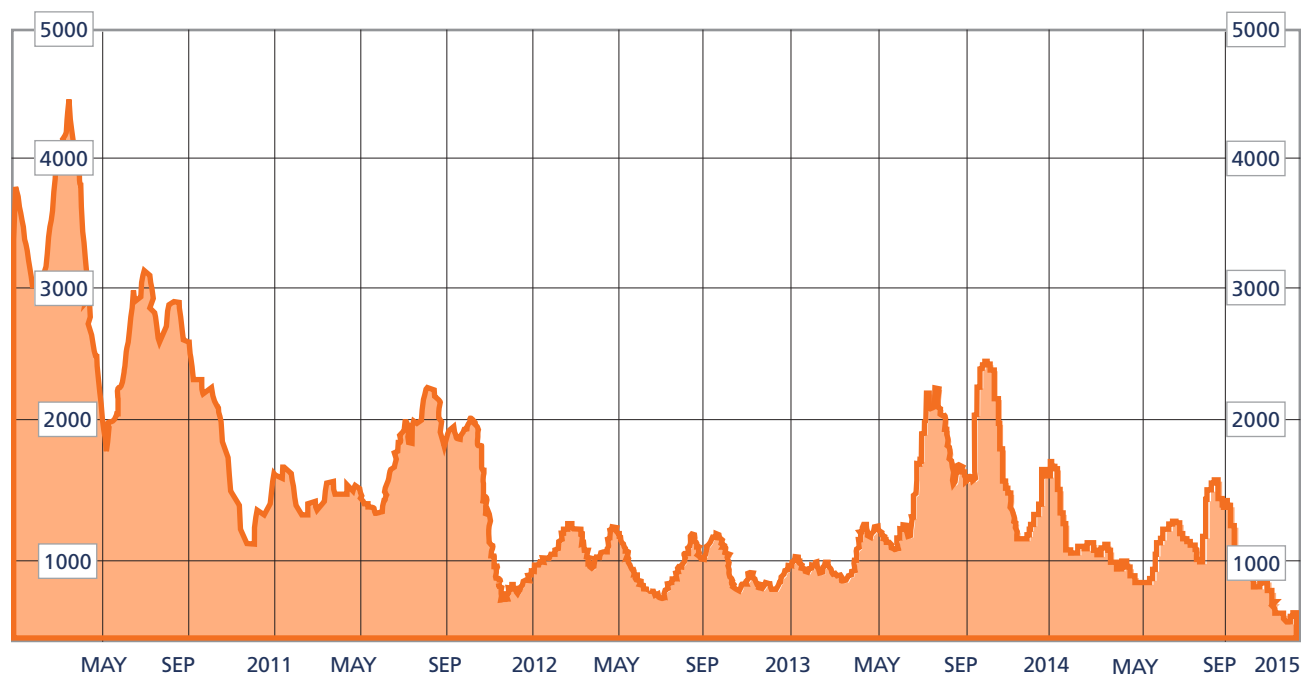
The first months of 2015 did not record any trend reversal. Similarly, in the near future there should not be any significant changes in the bulk segment, giving the slowdown of Chinese economy and the delivery of new vessels amounting to 73 million dwt, as Clarksons and Braemar ACM respectively maintain.

In 2016 freight rates may rise due to a faster phasing out of the ships expected this year (about 40 million dwt, according to Arctic Securities ASA) and also to the fact that in the

first two months the trend already appeared to be on the rise with twice the amount of vessels sent to the demolition site.

Below are the Baltic Dry Index trend and the freight rates trend to date:

Baltic Dry Index BDI - The Weighted Composite Index of BCI/BPI/BSI (last five years)

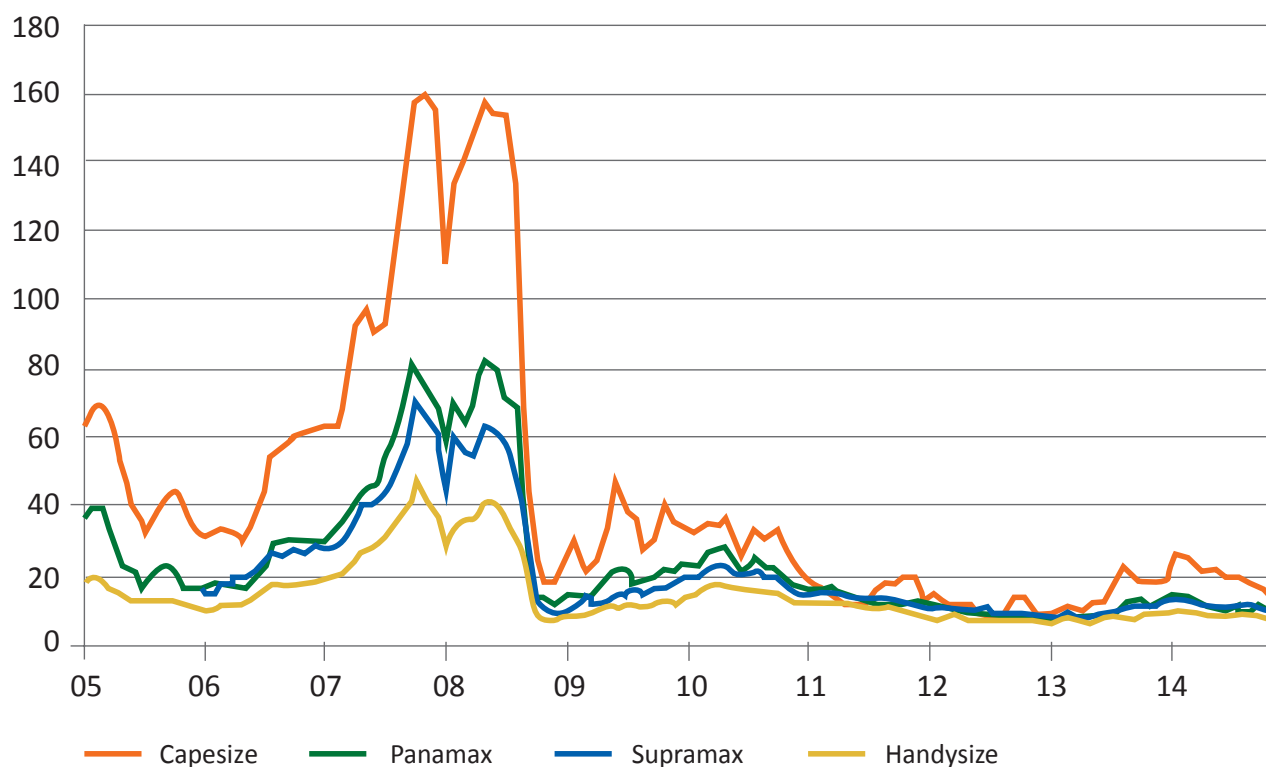


Average freight rates, trip charter (\$ 1,000 per day)

	2012	2013	2014
Capesize	9.8	16.6	14.8
Panamax	8.1	9.5	7.7
Supramax	9.4	10.3	9.8
Handysize	7.6	8.2	7.7

T/C rates bulk carriers 2005-2014 (12 months)

1000 \$/day



Time charter market

Time charter	Average freight rate \$/day	
1 year	2015	27/03/15
Capesize	10,623	9,375
Panamax	7,917	7,625
Handysize	7,269	7,000
3 years		
Capesize	11,654	11,250
Panamax	9,694	8,600
Handysize	7,769	7,000



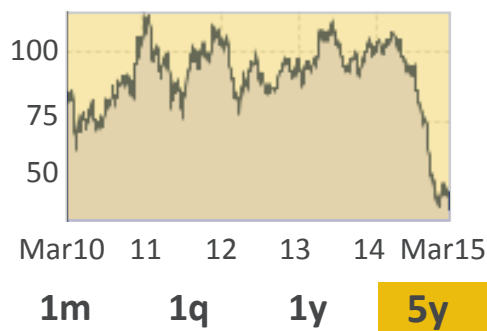
Liquid Bulk Segment

The decision made by OPEC in response to the American production of shale oil to keep its market shares, not to reduce its volumes and to support the prices, proved crucial for the tanker segment which, also due to the drop in oil prices, saw a considerable increase in the demand of crude and refined oil products, especially in the second half of 2014.

WTI Crude Oil

\$ 48.87 ▼ **-2.56** **-5.24%**

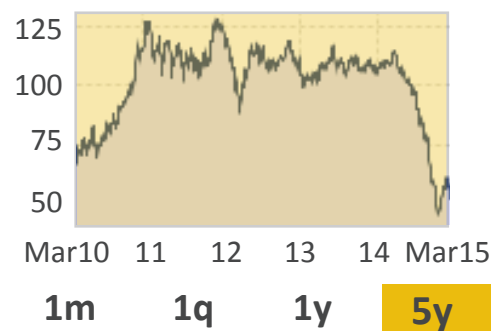
2015.03.29 end.of.day



Brent Crude Oil

\$ 56.41 ▼ **-2.78** **-4.93%**

2014.06.18 end.of.day

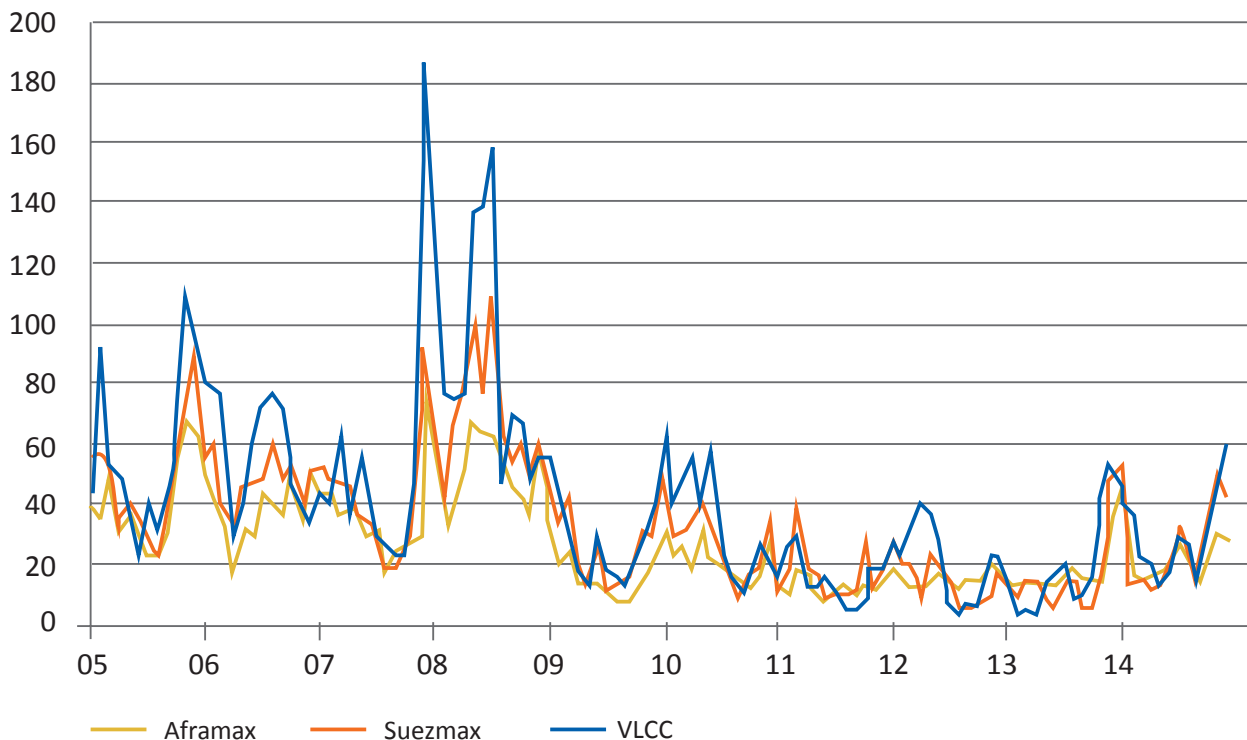


The two most common types of oil are WTI and Brent. The former is extracted in the US, especially in Texas (from which its name derives; West Texas Intermediate), the latter comes from the North Sea.

The growth phase that the refining industry is going through and the fall in oil prices were key factors for the increase in demand and, therefore, of freight rates in crude oil and refined products.

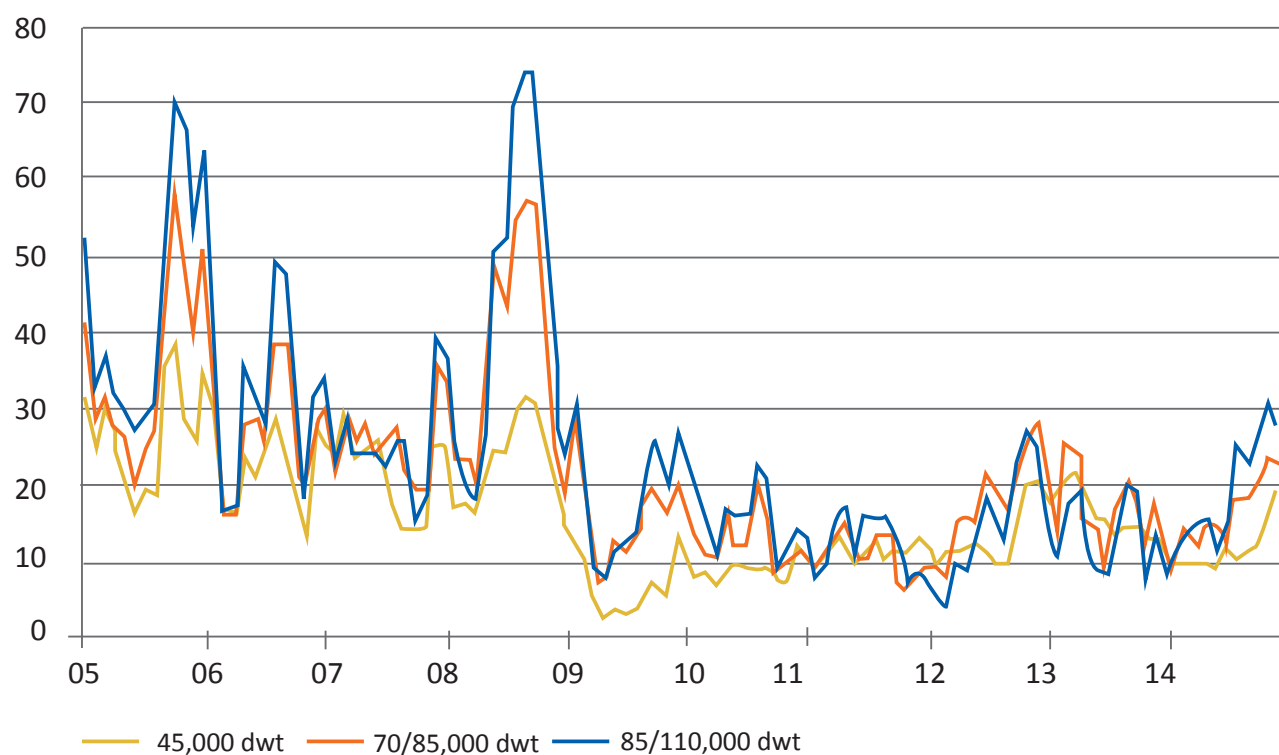
Freight rates - Single voyage 2005-2014. Crude carriers

\$ 1,000 per day



Freight rates - Single voyage 2005-2014. Clean carriers

\$ 1,000 per day



The number of ships delivered in 2014 decreased by 25% compared to 2013 and reached 16 million dwt which is the lowest level of the decade. Scrapped vessels reached 2%. This resulted, therefore, in a modest 2% growth of the world fleet while the new orders, down by a third compared to 2013, amounted to 24 million dwt.

The favourable trend, started in the first months of 2015, continues as shown below:

Time charter market

Time charter	Average freight rate \$/day				
1 year	2012	2013	2014	2015	27/03/15
150,000 dwt	17,356	16,014	22,712	32,615	33,000
74,000 dwt	12,995	14,981	15,880	20,231	21,500
37,000 dwt	12,317	13,063	13,774	13,778	14,000
3 years					
150,000 dwt	20,952	18,096	24,413	31,846	33,000
74,000 dwt	14,146	15,514	16,466	18,231	18,500
37,000 dwt	13,178	13,707	14,678	14,000	14,000



Container Ships Segment

In 2014 the market of spot and time charter freight rates of container ships featured few minor changes compared to 2013.

The demand of ships grew by 6% while the increase of the overall fleet, minus the shipbreakings, amounted to about 6.2%.

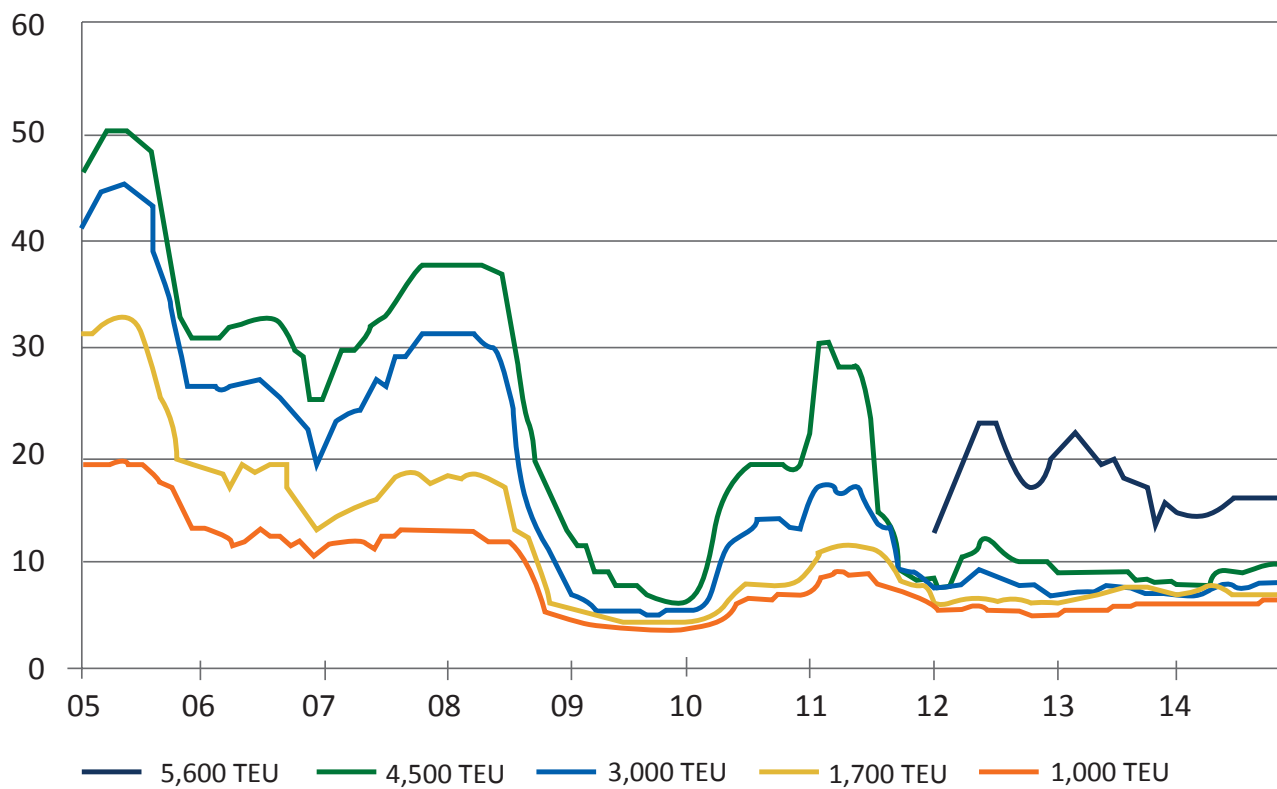
In 2015 a number of vessels amounting to 1.9 million TEUs is scheduled to be delivered (although the fragile trend of freight rates may result in a postponement to 2016) accounting for an overall increase by 6-7%, equal to the percentage expected for the demand of ships.

According to Boston Consulting Group, as a result of oversupply rates might increasingly drop in the next few years bringing about a further worsening of the scenario due to the scheduled deliveries of new ships. Mitigation to these effects may arise, among other things, by a cost optimization policy implemented in the short term and resulting from the alliances among the sector operators.

The following graph shows the trend of time charter freight rates over the last decade:

T/C rates for container ships 2005-2014 (12 months)

\$ 1,000 per day





Offshore Segment

In 2014, the demand of PSV in the North Sea recorded a 2% increase resulting in an average utilization by 92% but in spite of this, freight rates were lower than that of 2013: time charter decreased by 5-6%, while spot prices dropped by 15-20%. AHTS rates remained substantially unchanged compared to 2013 with a utilization rate down from 65% to 62%.

The world OSV (PSV and AHTS) demand rose by about 5% due to more intense drillings against an 8% increase in the fleet.

In the near future the drop in oil prices should halt the OSV demand with a consequent drop in freight rates, but in case of an incentive from various countries to productive and explorative activities, a modest 2% increase in both 2015 and 2016 is forecasted.

According to the IHS Global Supply Vessel Forecast research, the driver of the world's demand should continue to be deep water mining (Gulf of Mexico), while in summer a recovery in the Baltic Sea is expected. A contribution to the offshore segment could derive from the development in the natural gas mining activity.

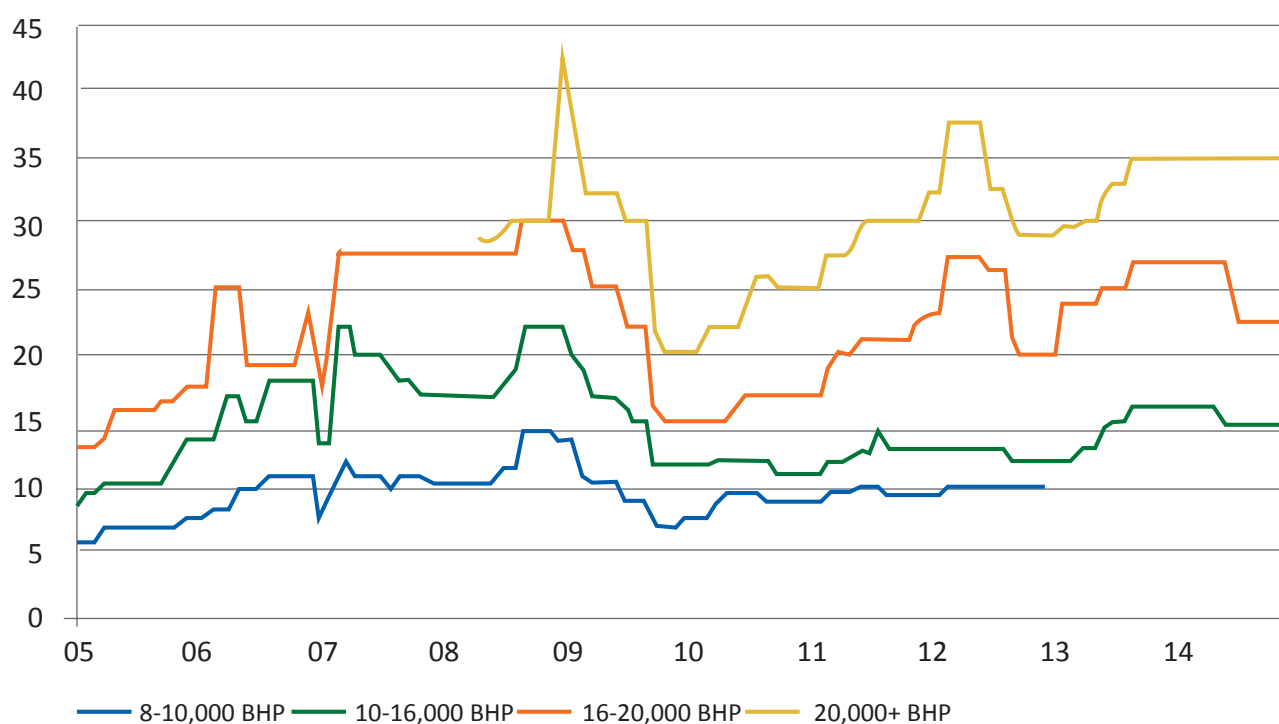
The weakness of the sector could also foster a postponement of the delivery of new units from 2015 with an increase of the fleet by 10% in the current year and by 6% in 2016.

Spot market

North Sea Spot Market	Average freight rate £/day 2015		
	January	February	27/03/15
AHTS Large (13-18,000 Bhp)	11,562	11,571	8,833
AHTS Very Large (>18,000 Bhp)	18,424	15,661	14,478
PSV Medium (600-800m2)	5,005	5,123	3,179
PSV Large (>800m2)	6,063	6,249	4,621

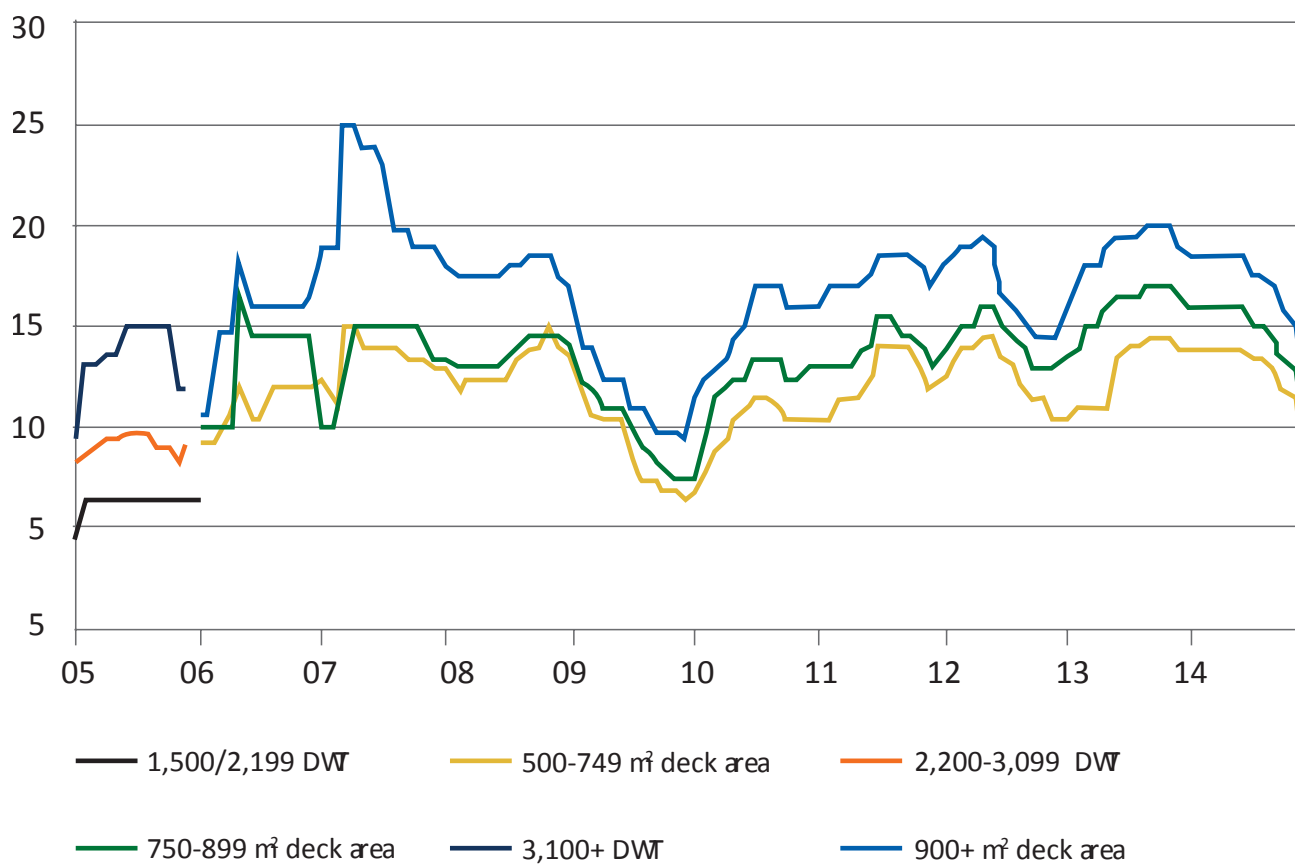
North Sea Tonnage 2005-2014. AHTS average T/C rates (reported and estimated)

£ 1,000 per day



North Sea Tonnage 2005-2014. PSV average T/C rates (reported and estimated)

£ 1,000 per day



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