Drewry Maritime Advisors

Trends in ports and shipping market – prospects for the coming years

Drewry Maritime Advisors

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Independent

Our voice is our own and not defined by others, having been built over time to represent an authoritative source within the industry. Our independence means that we can provide advice that our clients can rely upon.

Maritime Specialists

We focus on the maritime industry and have built our expertise through continuously monitoring market movements. Our understanding comes from working within the industry, giving our clients a perspective from the inside looking outwards, offering a depth of specialisation that positions us as market leaders.

Proprietary Intelligence & Analysis

For over 40 years Drewry have been analysing and studying the maritime markets, building unique resources, models and data. It is from these foundations that we are able to provide research and advisory services that offer powerful insights and forecasts that can be used in your decision making.

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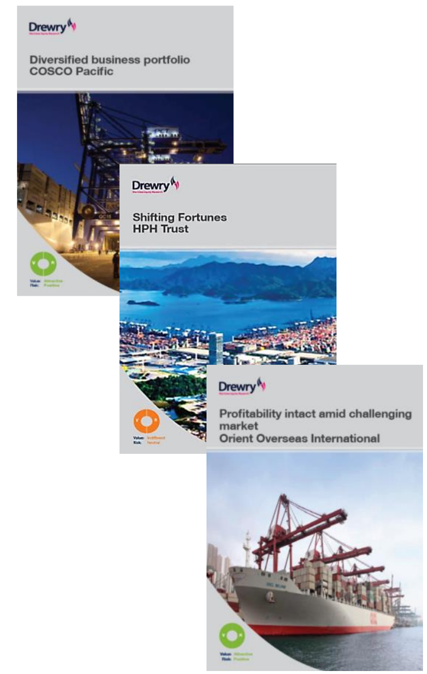

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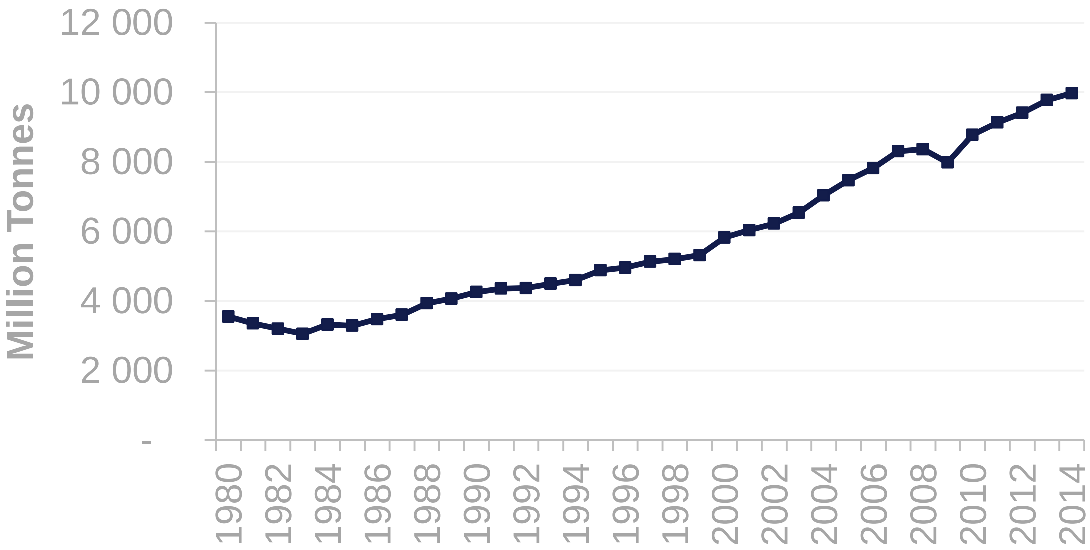
Global seaborne trade – growth

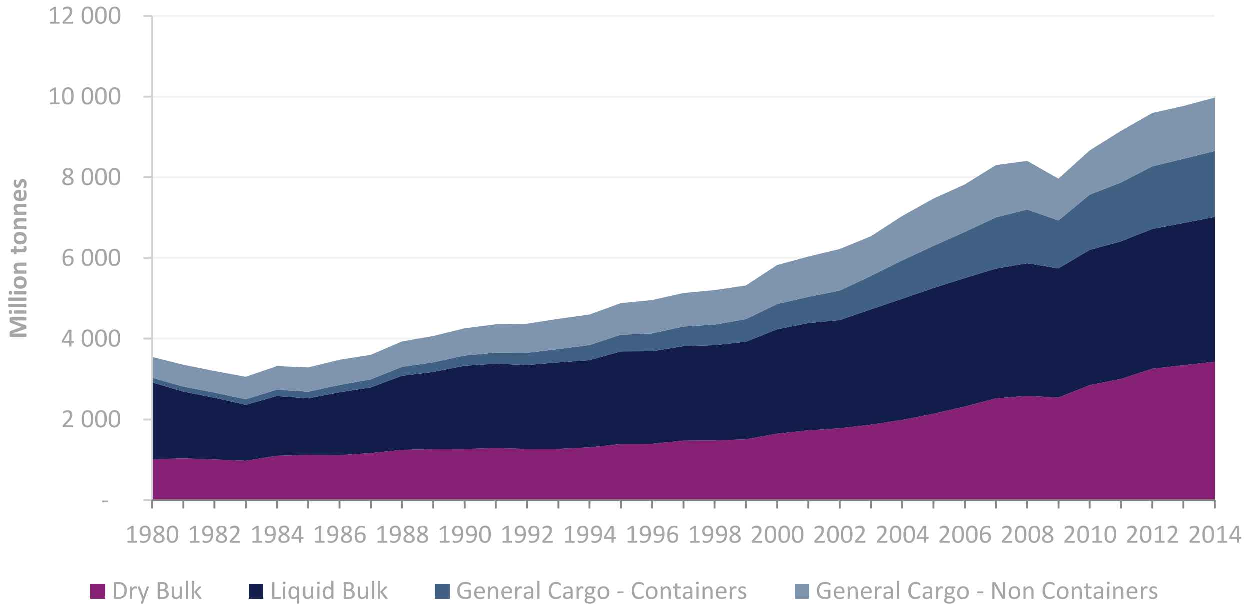


The past 34 years (1980 – 2014)

Global seaborne trade growth	3.1%
World GDP grow	2.0%
World population growth	1.5%
Urbanization factor	2.4%
Shipping capacity expansion	2.7%

Source: Drewry Maritime Research

Global seaborne trade – Key market segments



CAGR 1980-2014

- Dry Bulk: 3.7%
- Liquid Bulk: 1.9%
- Containers: 8.3%
- Non Containers: 2.9%

CAGR 2009-2014

- Dry Bulk: 7.1%
- Liquid Bulk: 2.4%
- Containers: 7.6%
- Non Containers: 6.0%

2000

- Dry Bulk: 47%
- Liquid Bulk: 31%
- Containers: 12%
- Non Containers: 10%

2014

- Dry Bulk: 34%
- Liquid Bulk: 36%
- Containers: 16%
- Non Containers: 14%

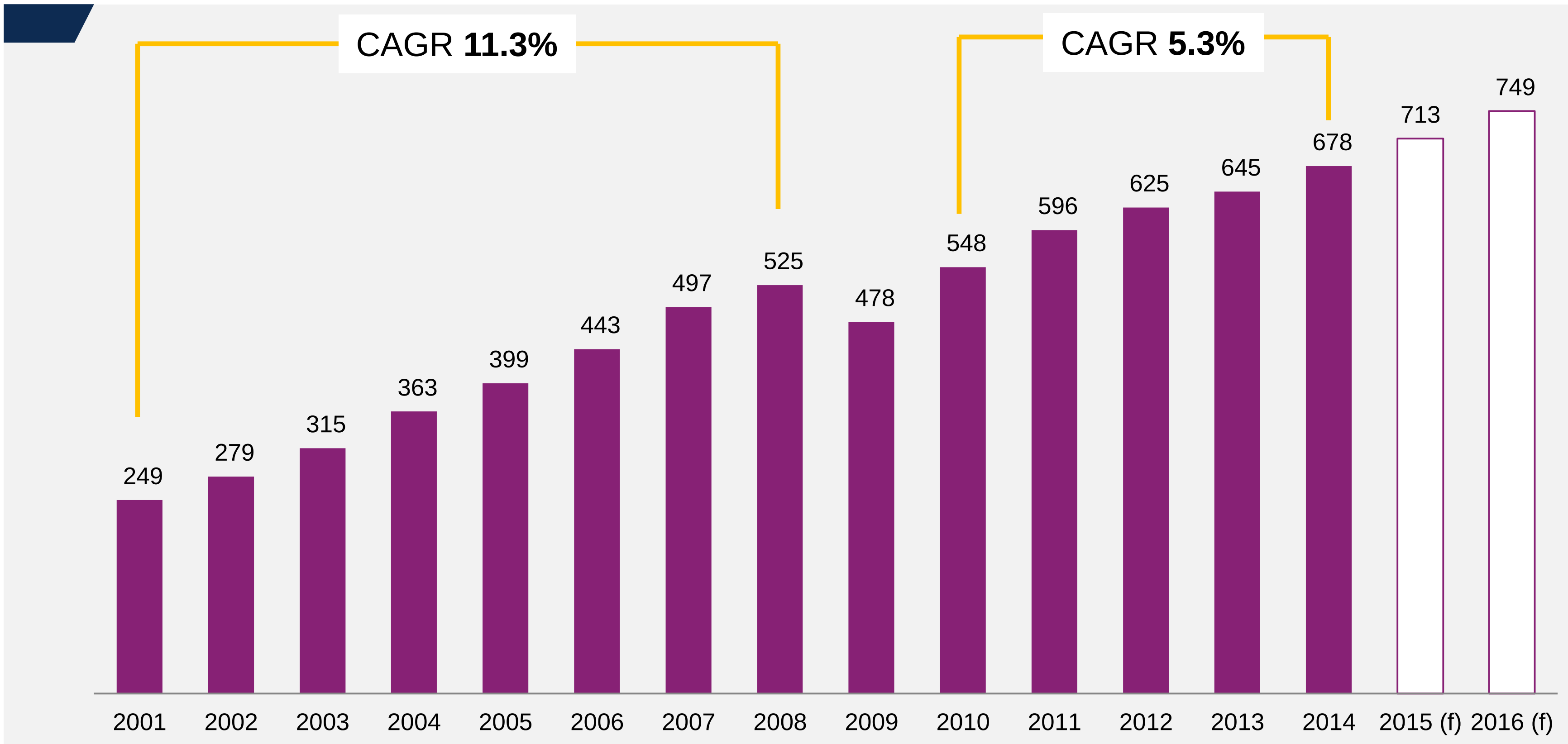
Source: Drewry Maritime Research

Container Market

Global container port traffic 2000-2014

Market is growing but at a much slower pace

Million teu

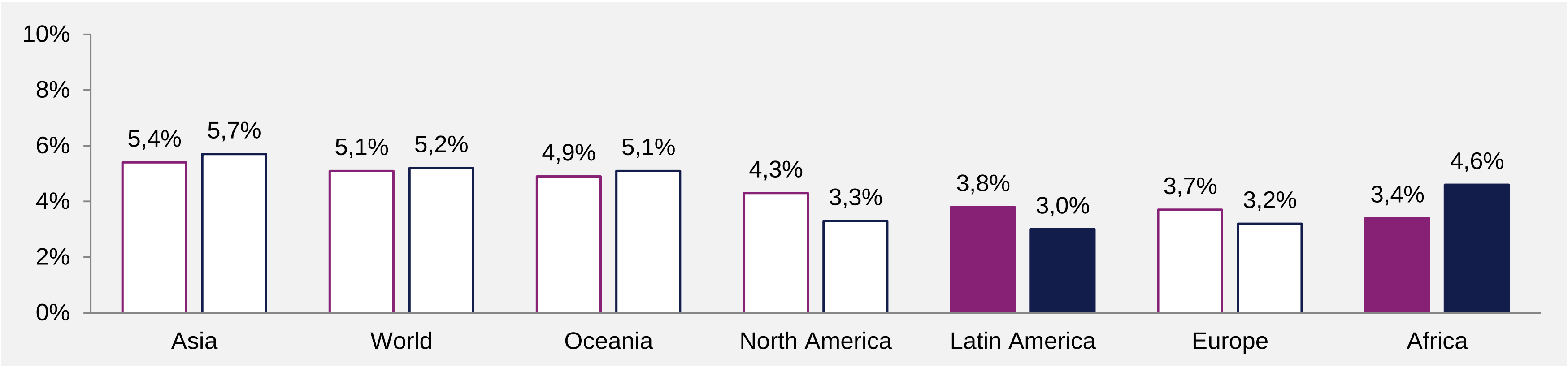


Source Drewry Maritime Research

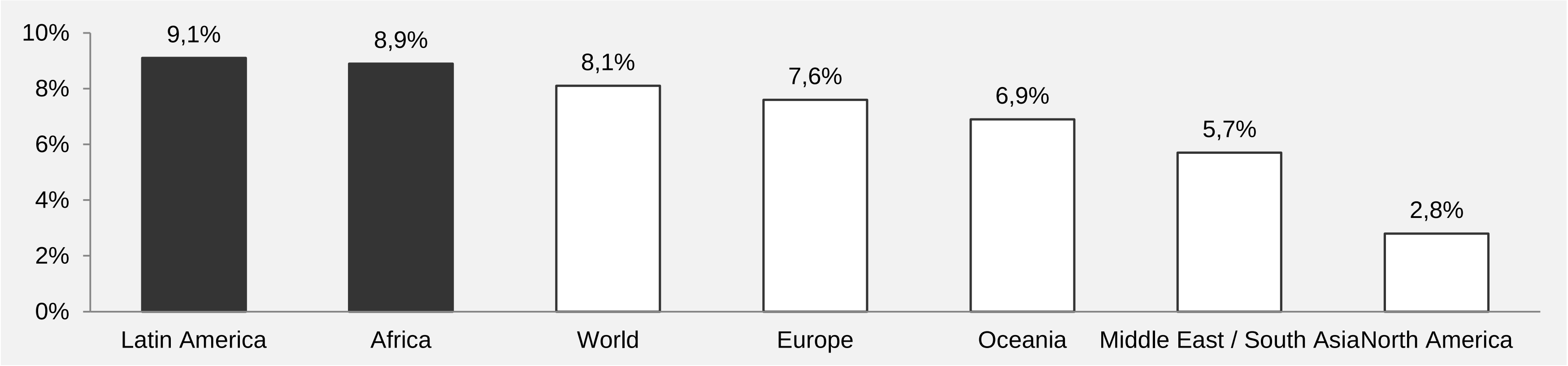
Regional throughput growth (teu)

Wide variation in expected demand growth by region, with increased volatility

2014-2015



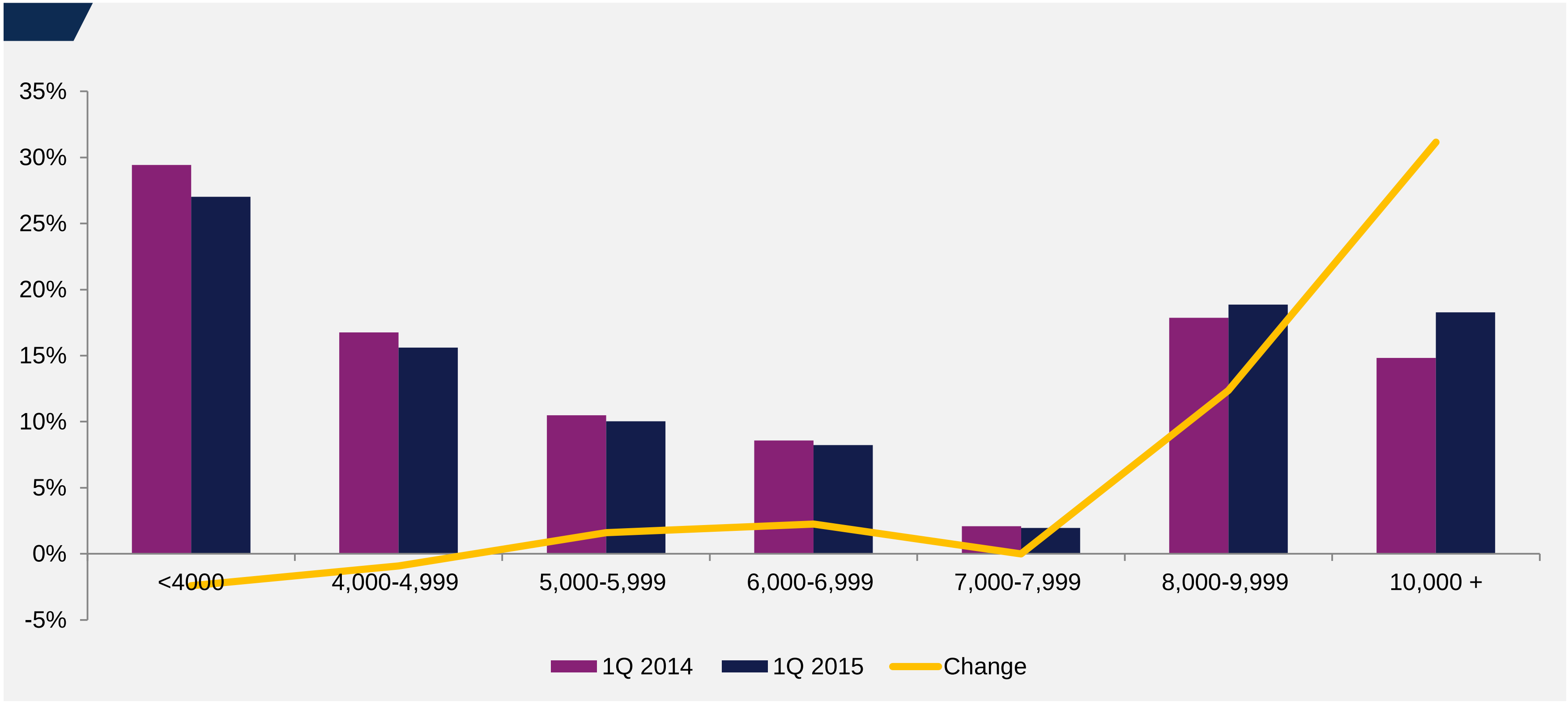
2011



Source Drewry Maritime Research

Global containership size development

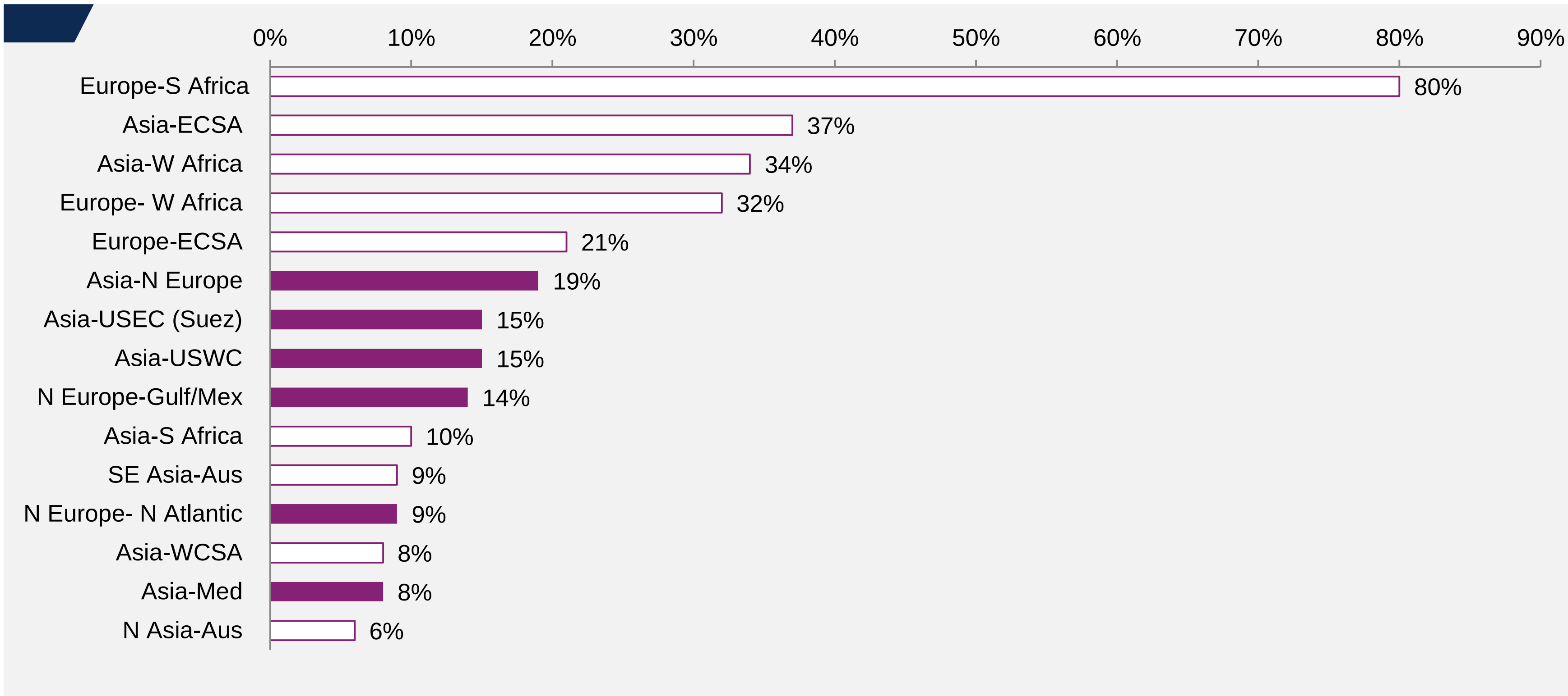
Rapid move towards bigger ships; 2015 - scheduled delivery of 1.9 million teu and 60 ULCVs



- Ships of 10,000 teu or above comprise 18% of the global fleet by capacity (14% a year ago)
- Ships of 8,000 teu or above comprise 37% of the global fleet by capacity (33% a year ago)
- Ships of less than 5,000 comprise 46% of the global fleet by capacity (43% a year ago)

Increase in average container ship size, 1Q2013 - 1Q2015

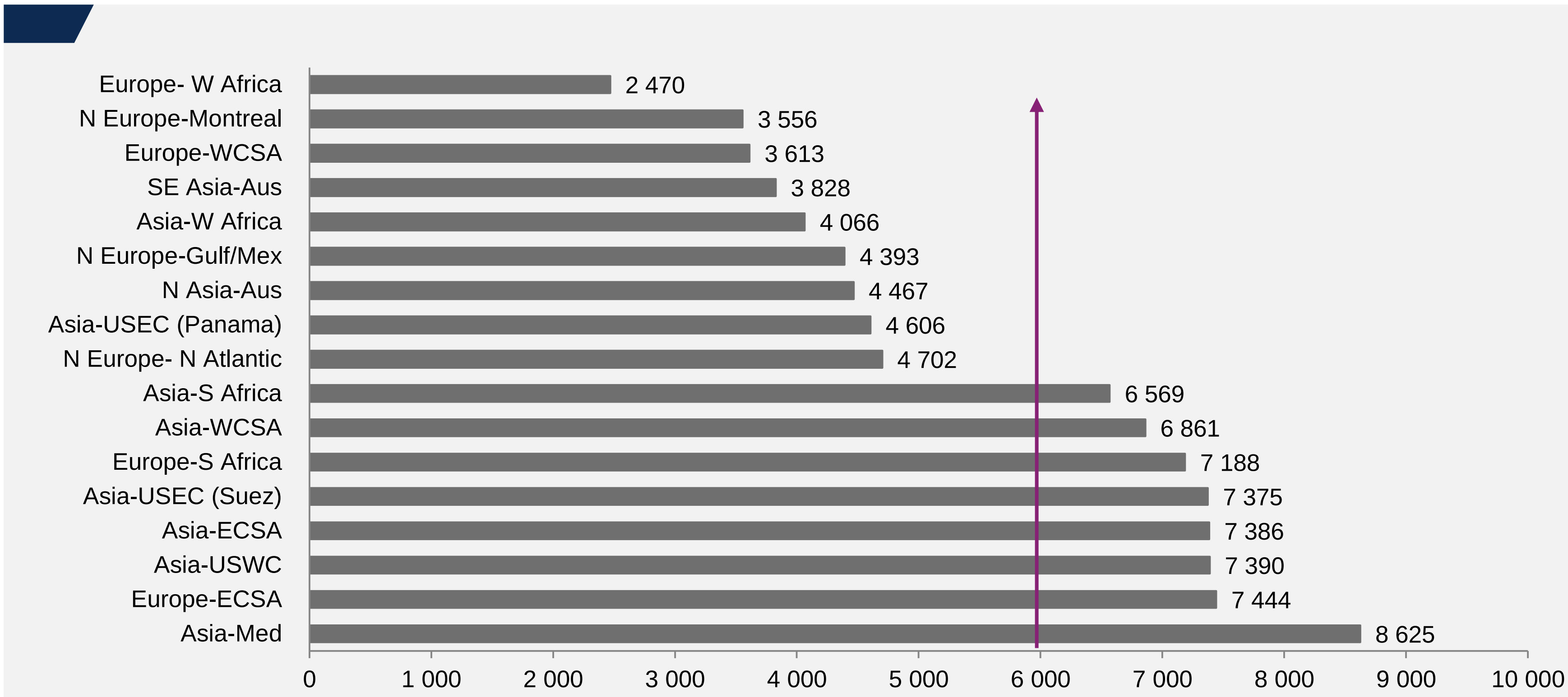
Increase in ship size on all trade lanes…significant upsizing on certain trades



Source Drewry Maritime Research

Average ship size

More than 6,000 teu on most trade lanes



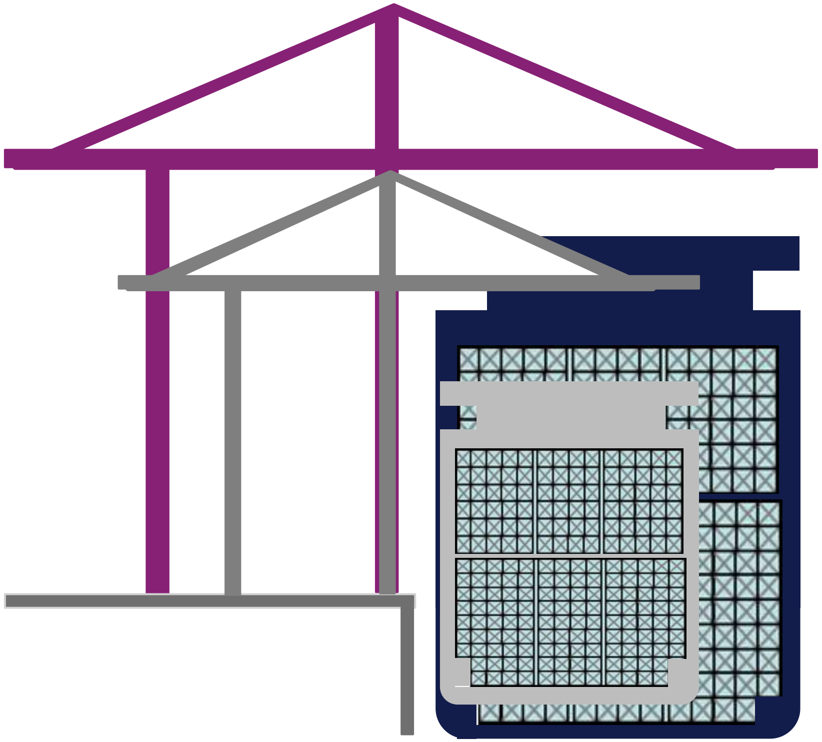
Source Drewry Maritime Research

Changing nature of cargo flows

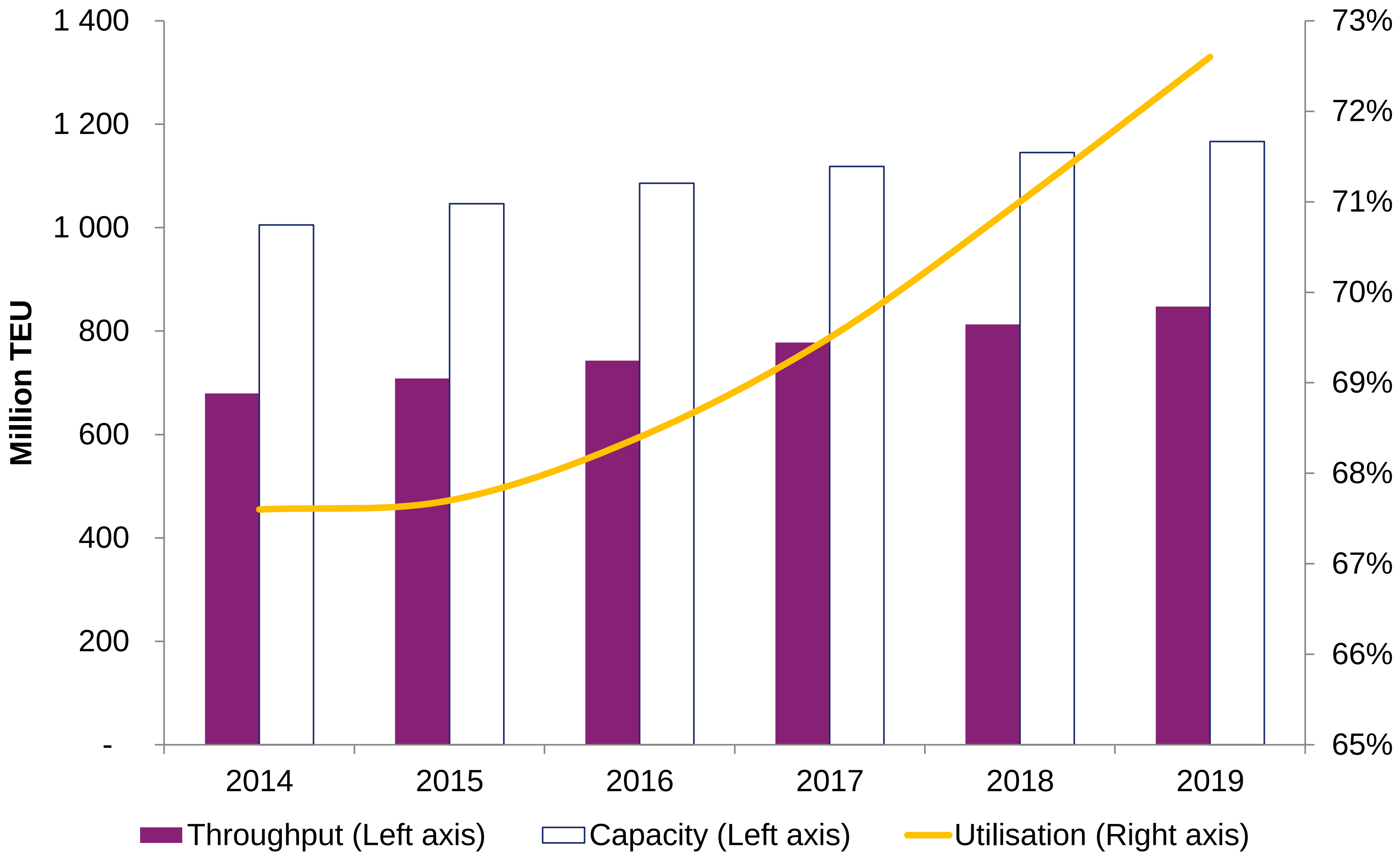
Terminal performance is critical to achieving benefits of largest ships; **who pays?**

Lines Expect:

- Reliability
  - Departure on schedule
  - Connectivity with feeders/relay services at hubs
  - All containers loaded (including empties)
  - No constraints/congestion on landside service
- Productivity
  - Speed of vessel turnaround is important. As vessel size increases, port time is maintained, in spite of increased container exchange
- Efficiency
  - Largest vessels for the trade/route to be handled without physical constraints
  - Unit handling costs are maintained – requires a competitive environment

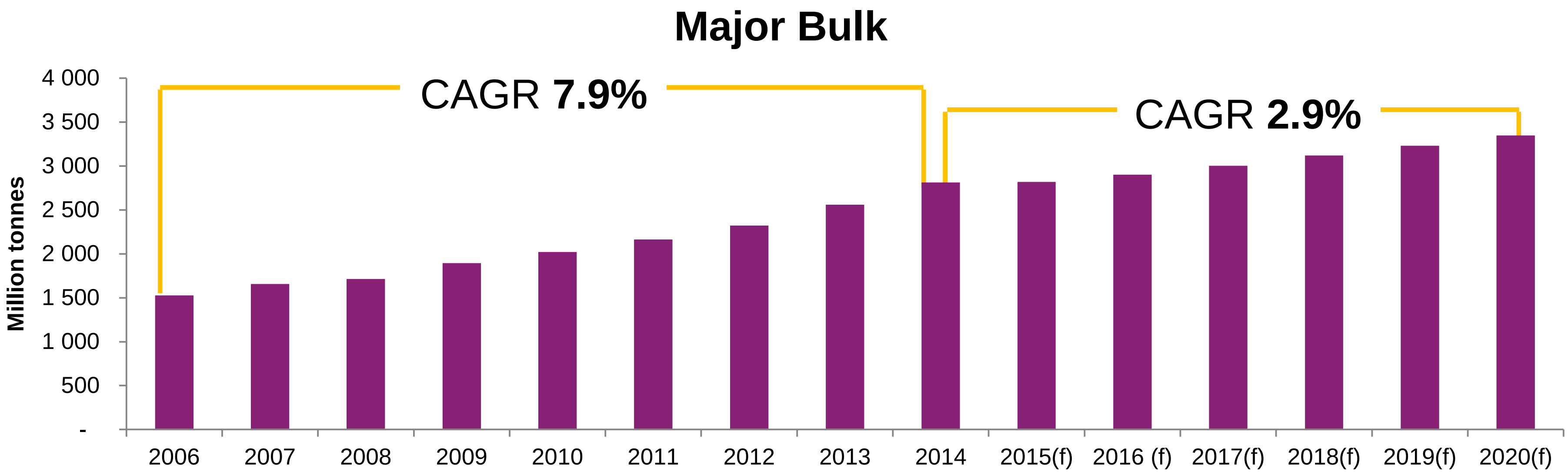


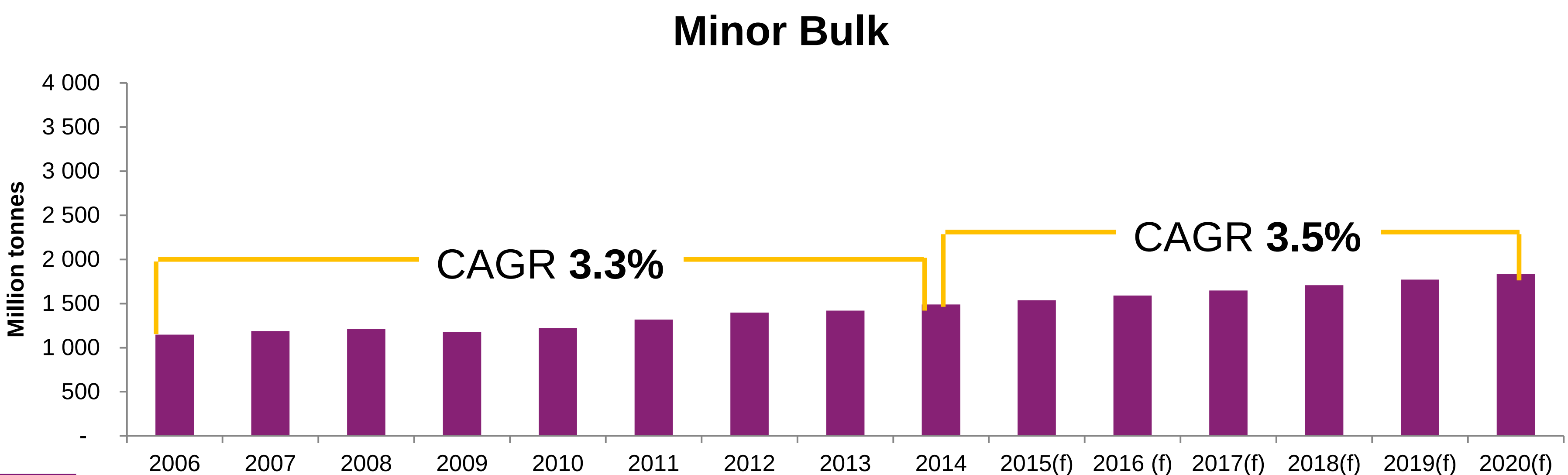
Global TEU volumes are forecast to grow steadily to 2019



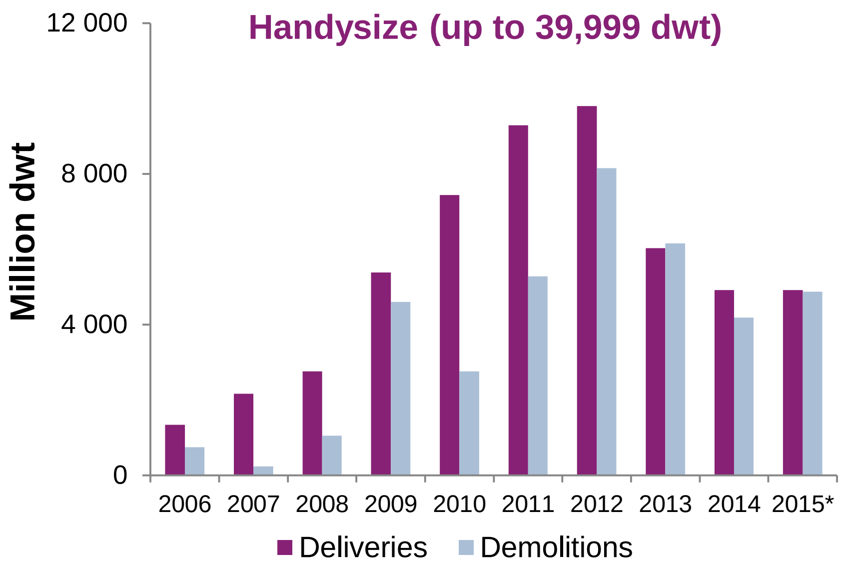
Dry Bulk Market

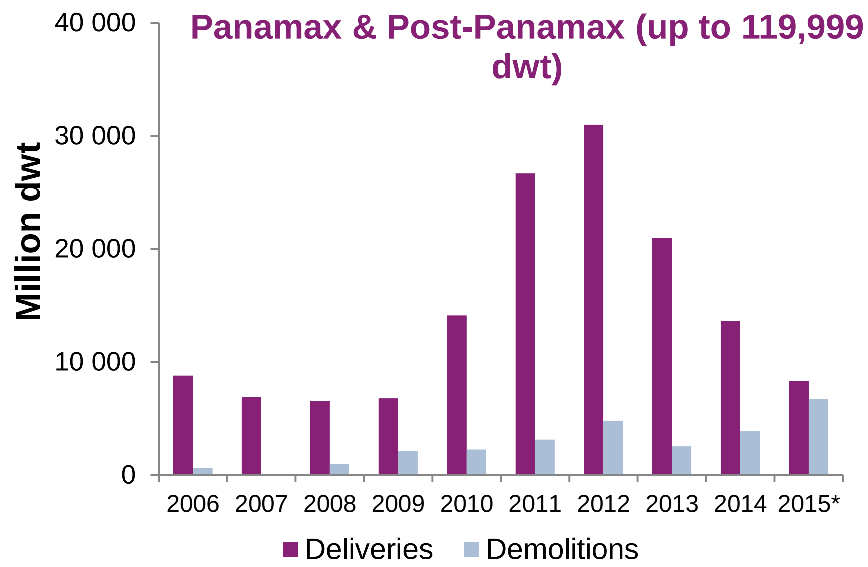
Demand : uncertain market, modest outlook

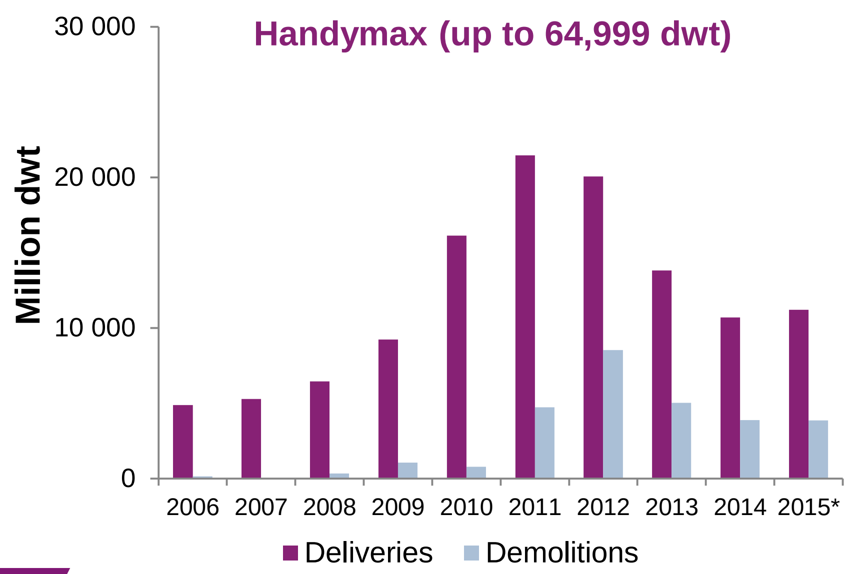


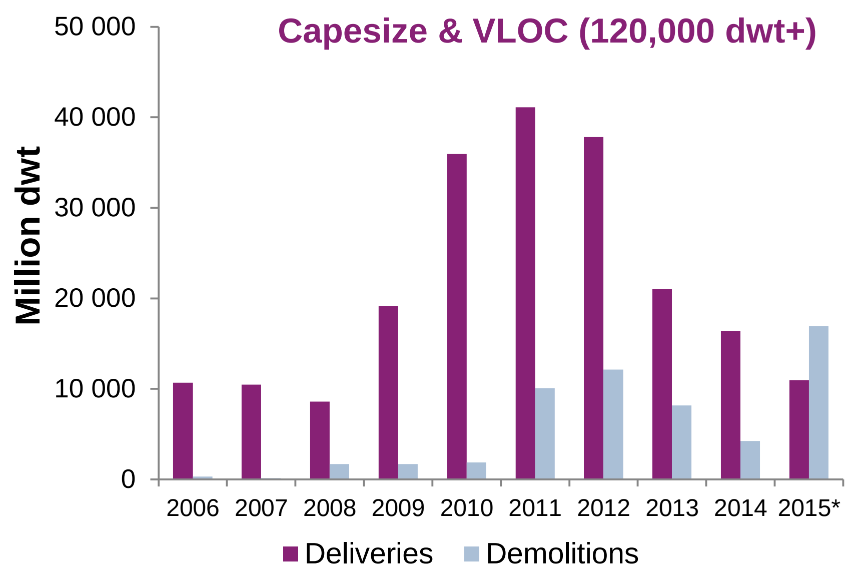


Supply: Demolition, delayed deliveries, cancellations

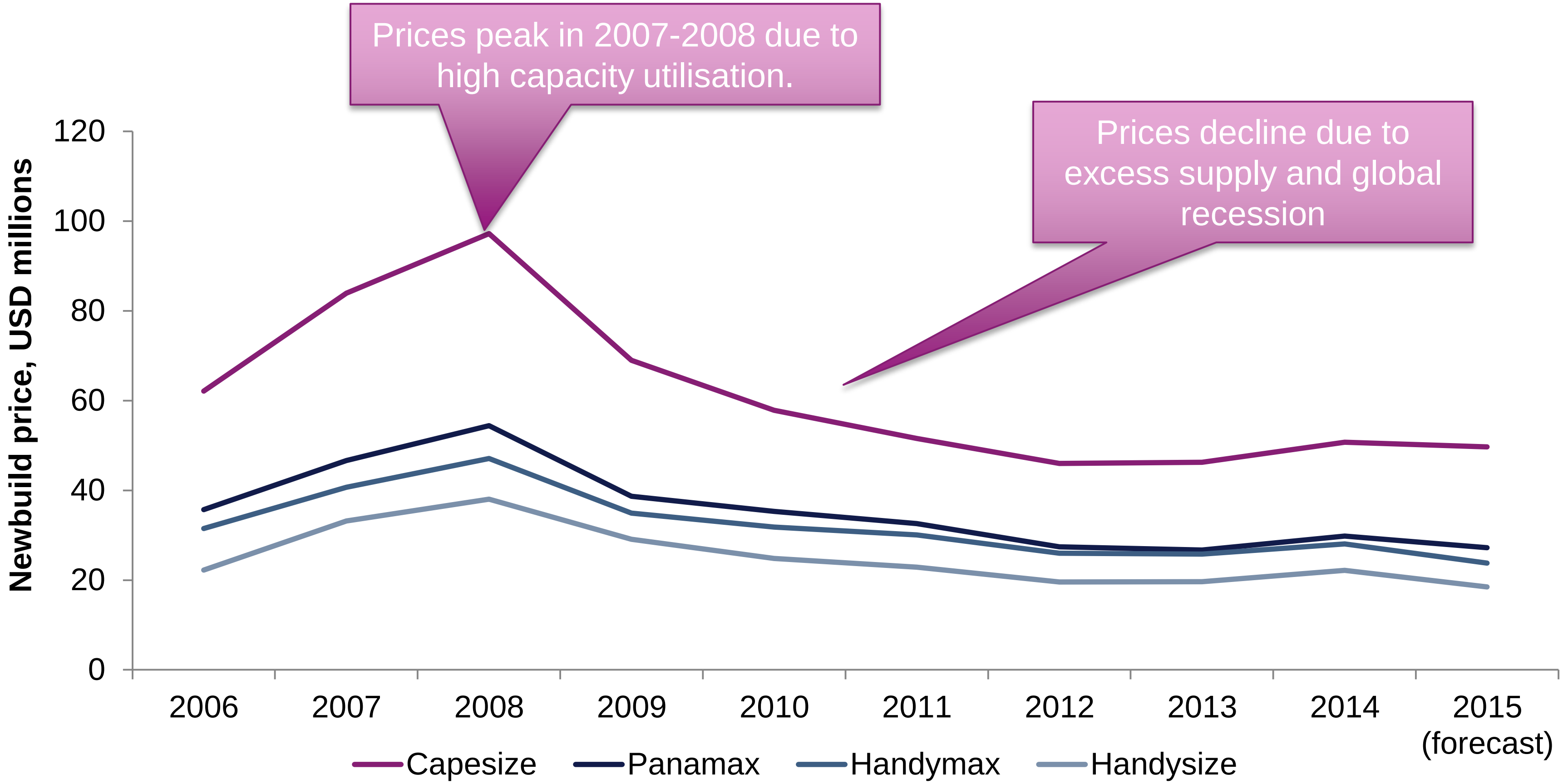








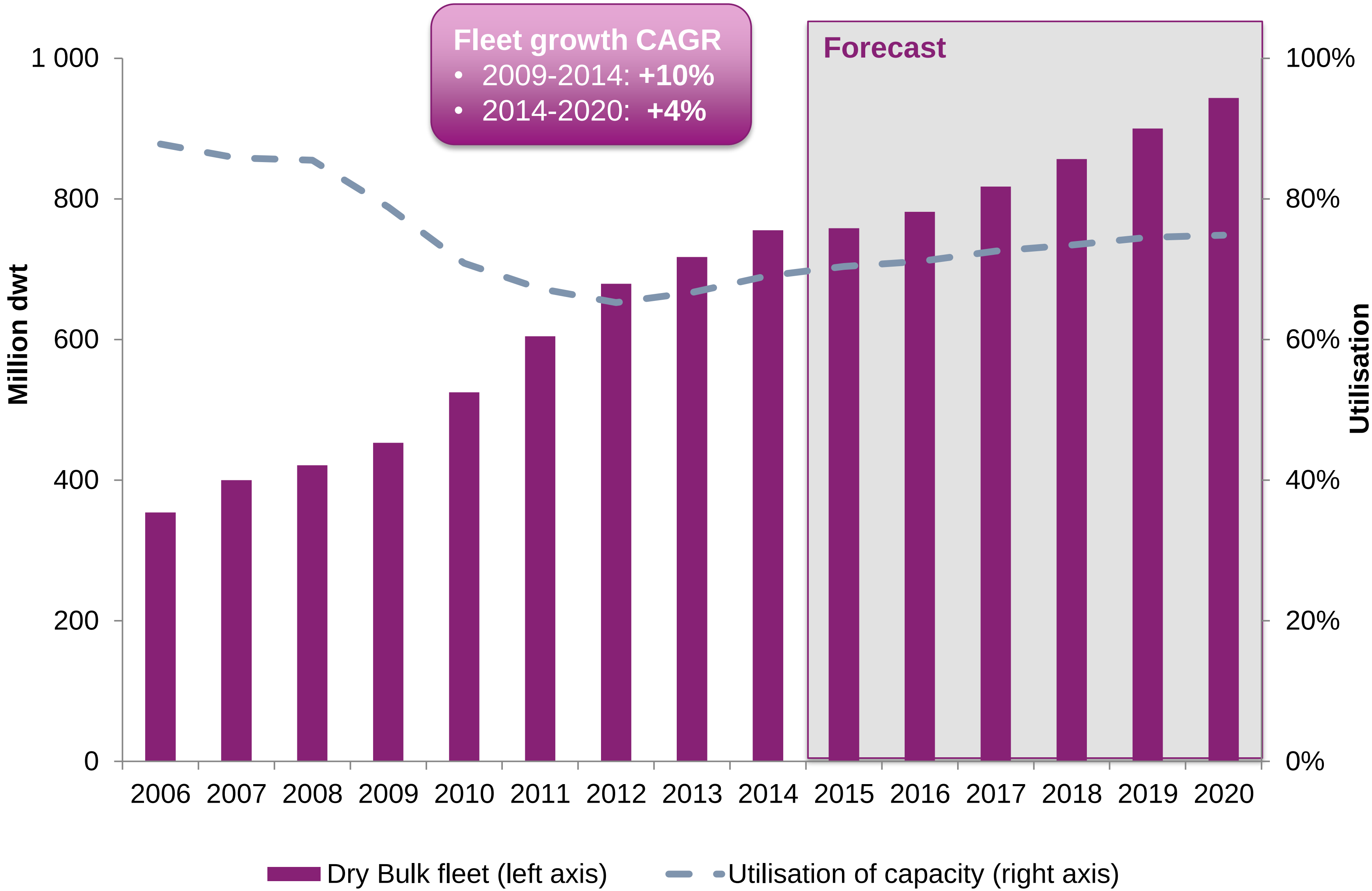
Whilst newbuild prices have seen a steadier decline



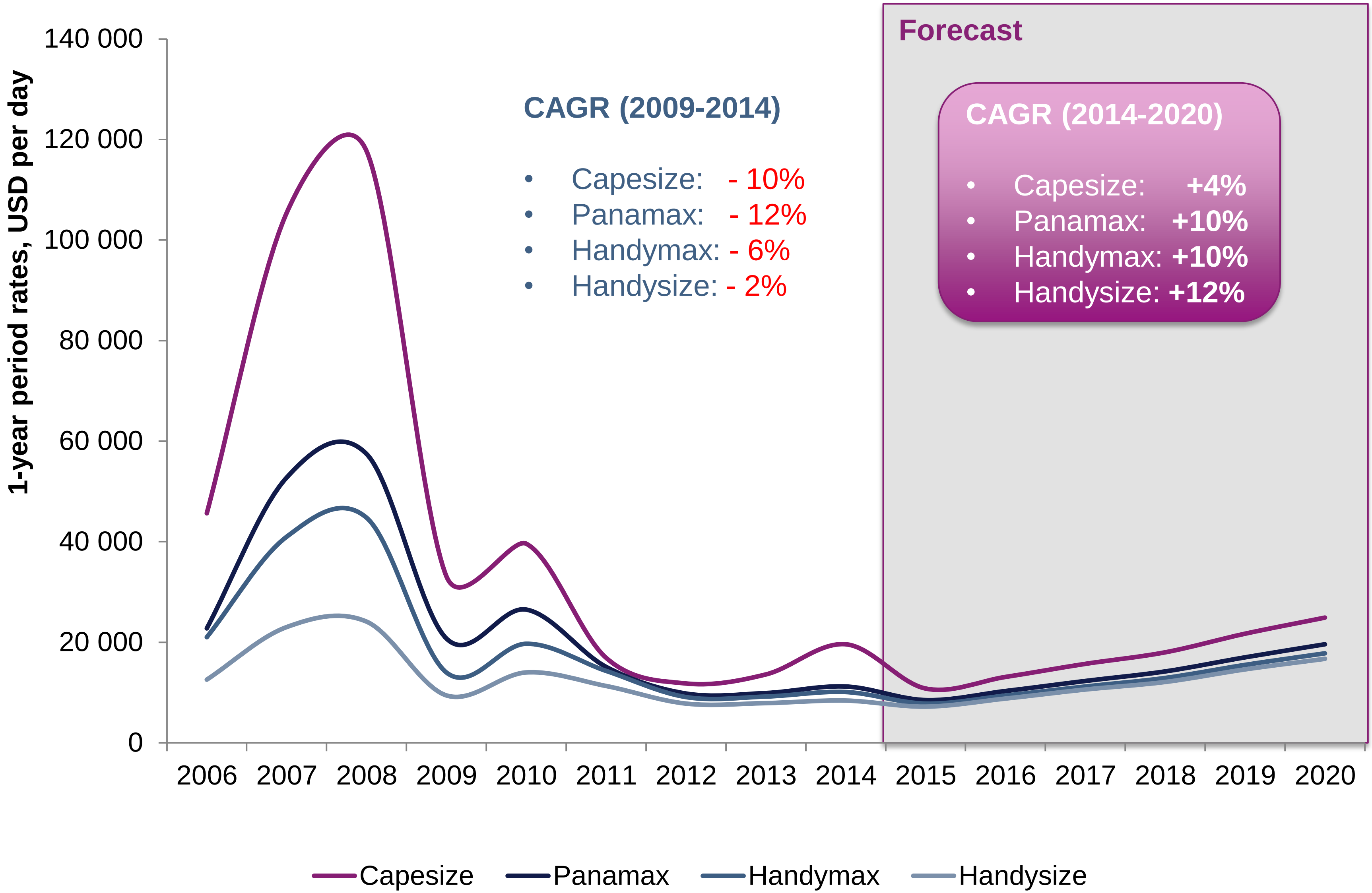
CAGR (2009-2014)

- Capesize: **-6%**
- Panamax **-5%**
- Handymax: **-4%**
- Handysize: **-5%**

Improving utilisation

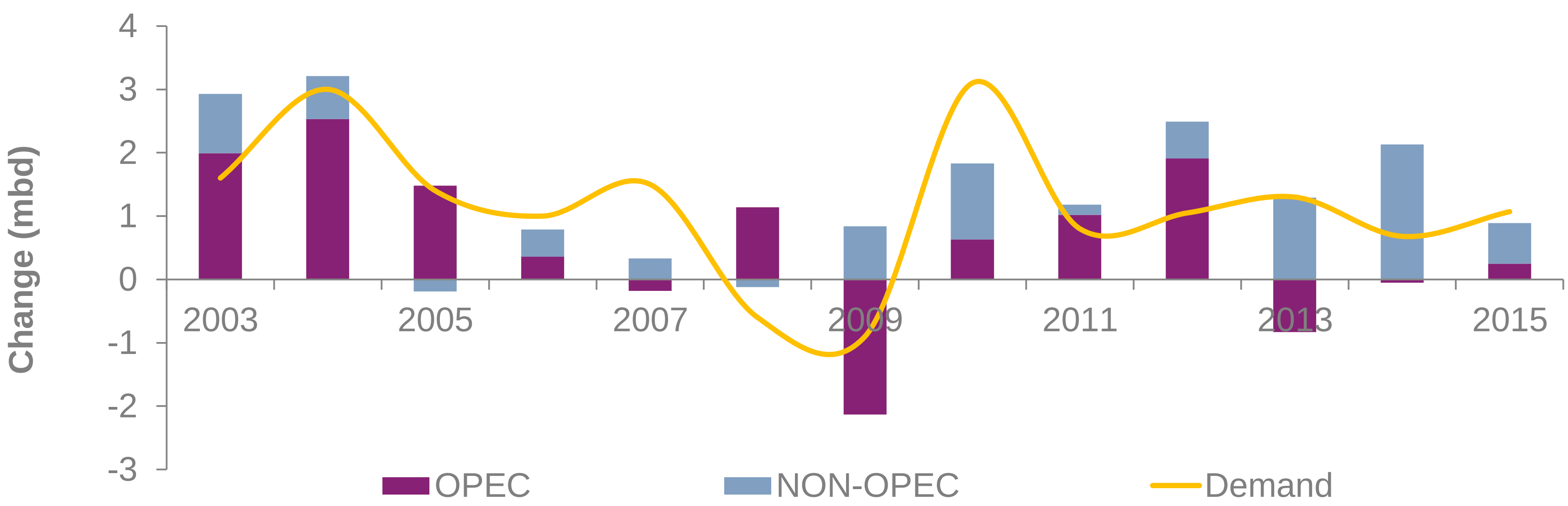


Period rates have seen a dramatic decline since 2008



Tanker Market

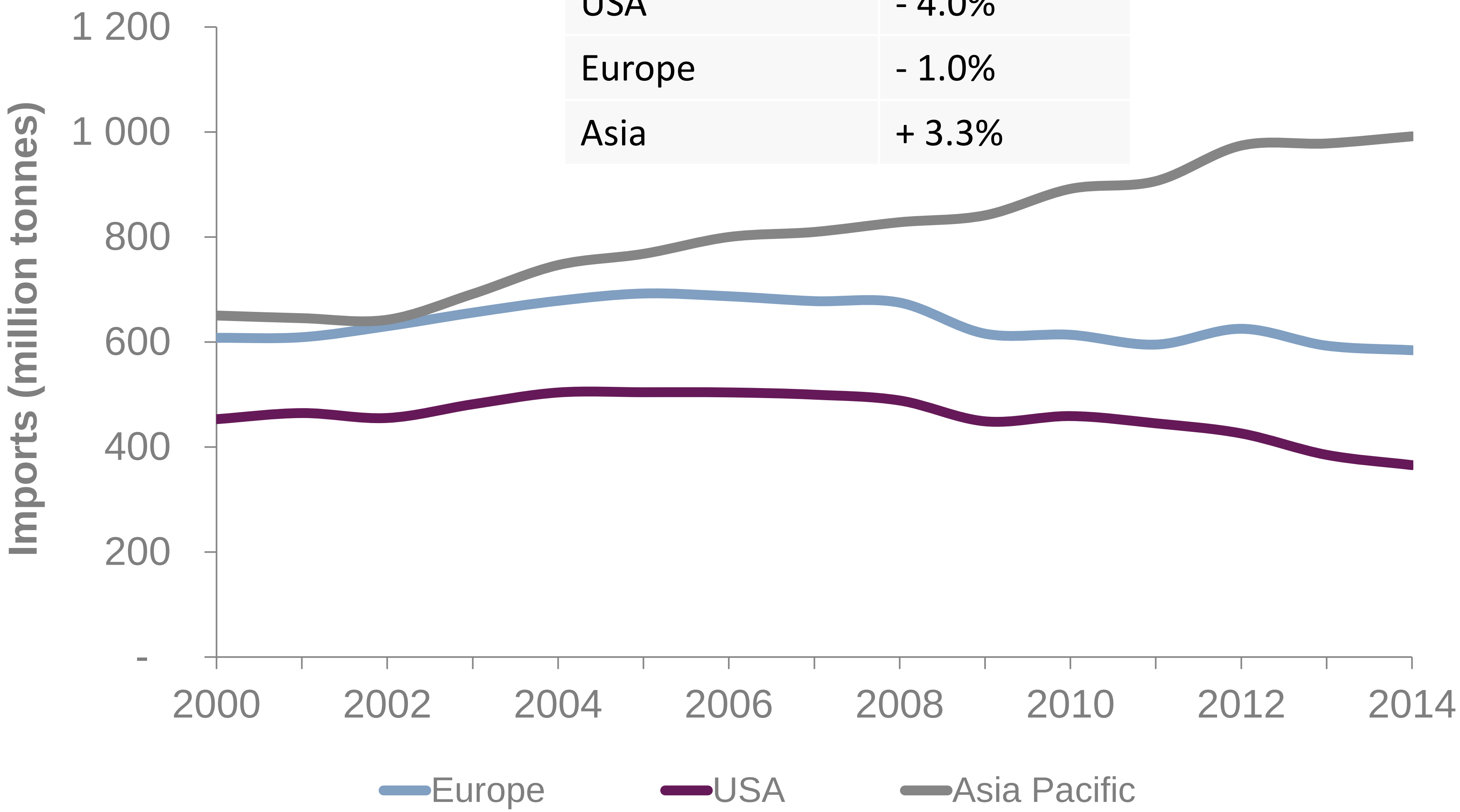
Change in oil demand and production



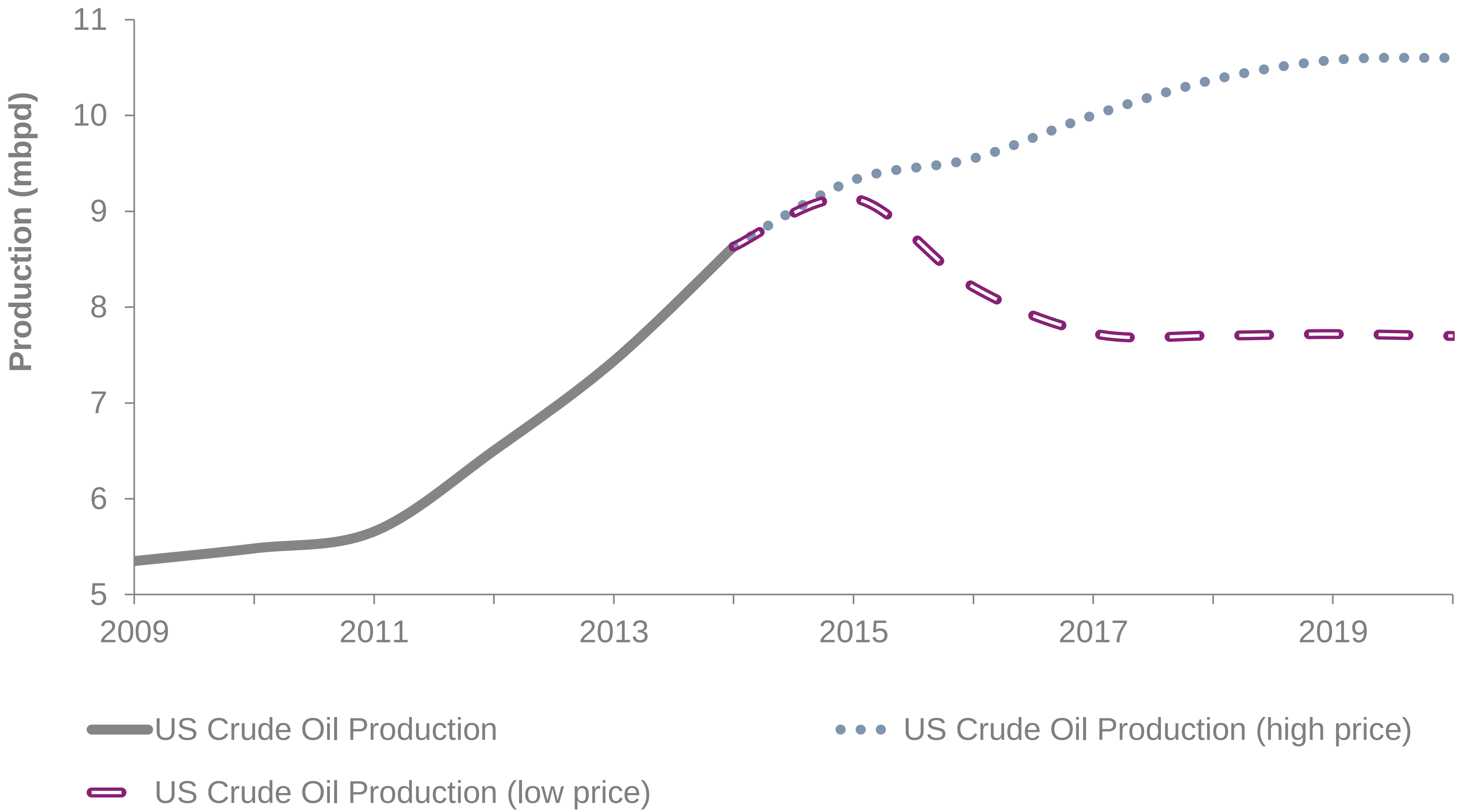
- IEA now estimates global oil demand to have grown by 1.7 mb/d in 1H 2015 vs 1H 2014
- IEA forecast Global oil demand to average 94.2 mb/d in 2015, and to 95.6 mb/d in 2016.
- Estimates were upgraded as economic growth solidifies and US consumers, in particular, respond to sharply lower oil price

Crude oil seaborne trade – Asia the only bright spot

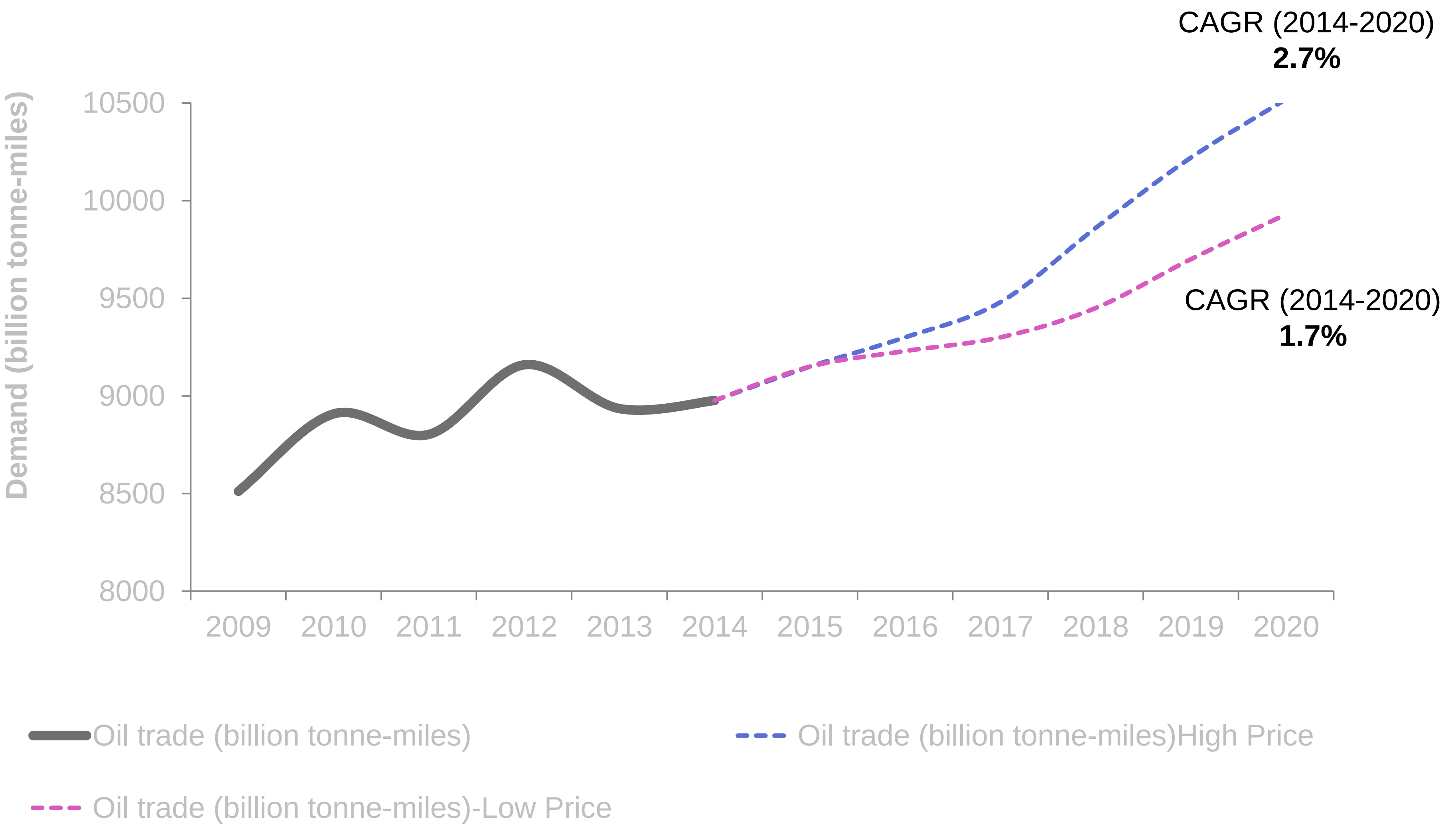
CAGR (2009-2014)	
USA	- 4.0%
Europe	- 1.0%
Asia	+ 3.3%



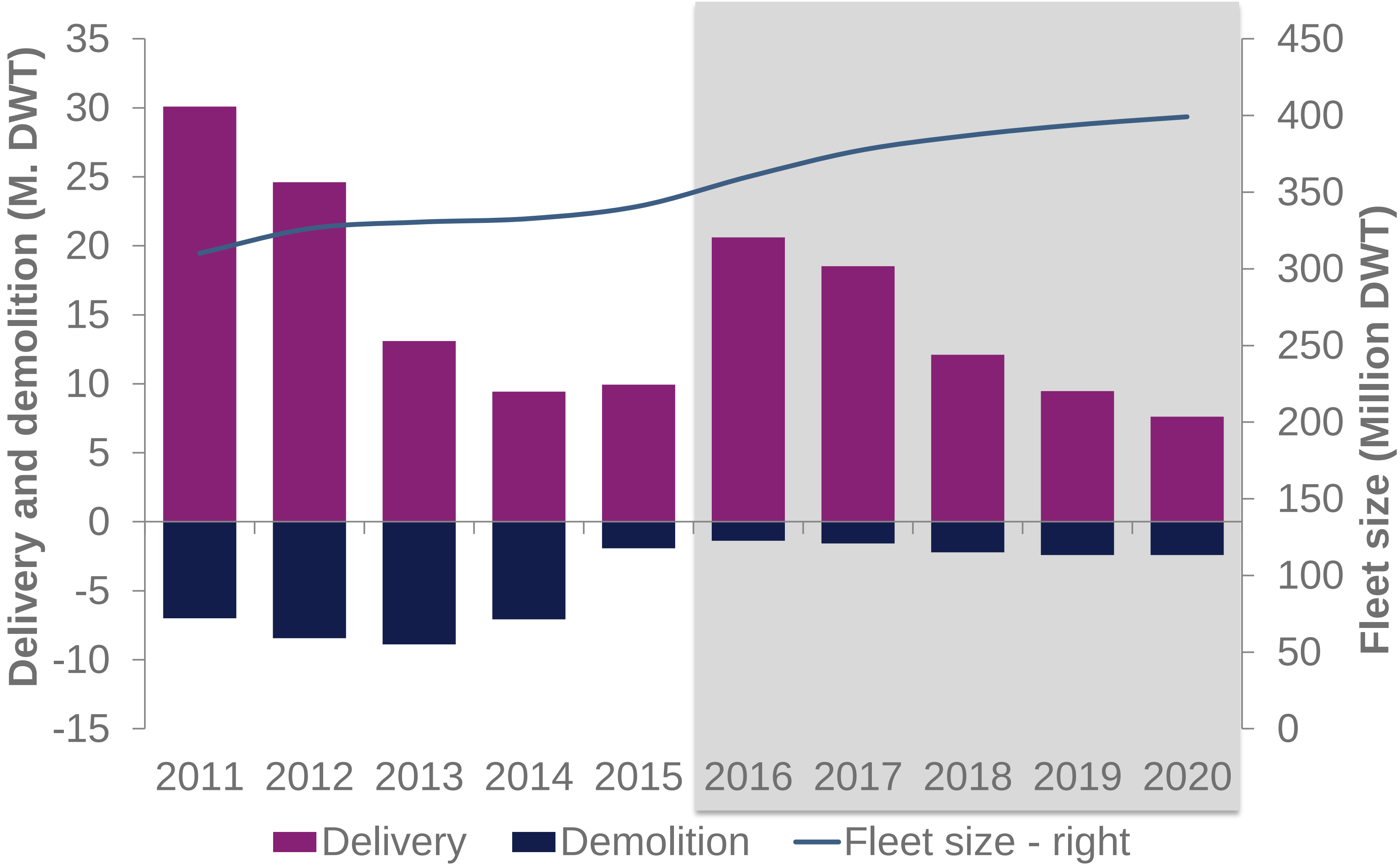
US shale oil output - key variable for seaborne oil trade



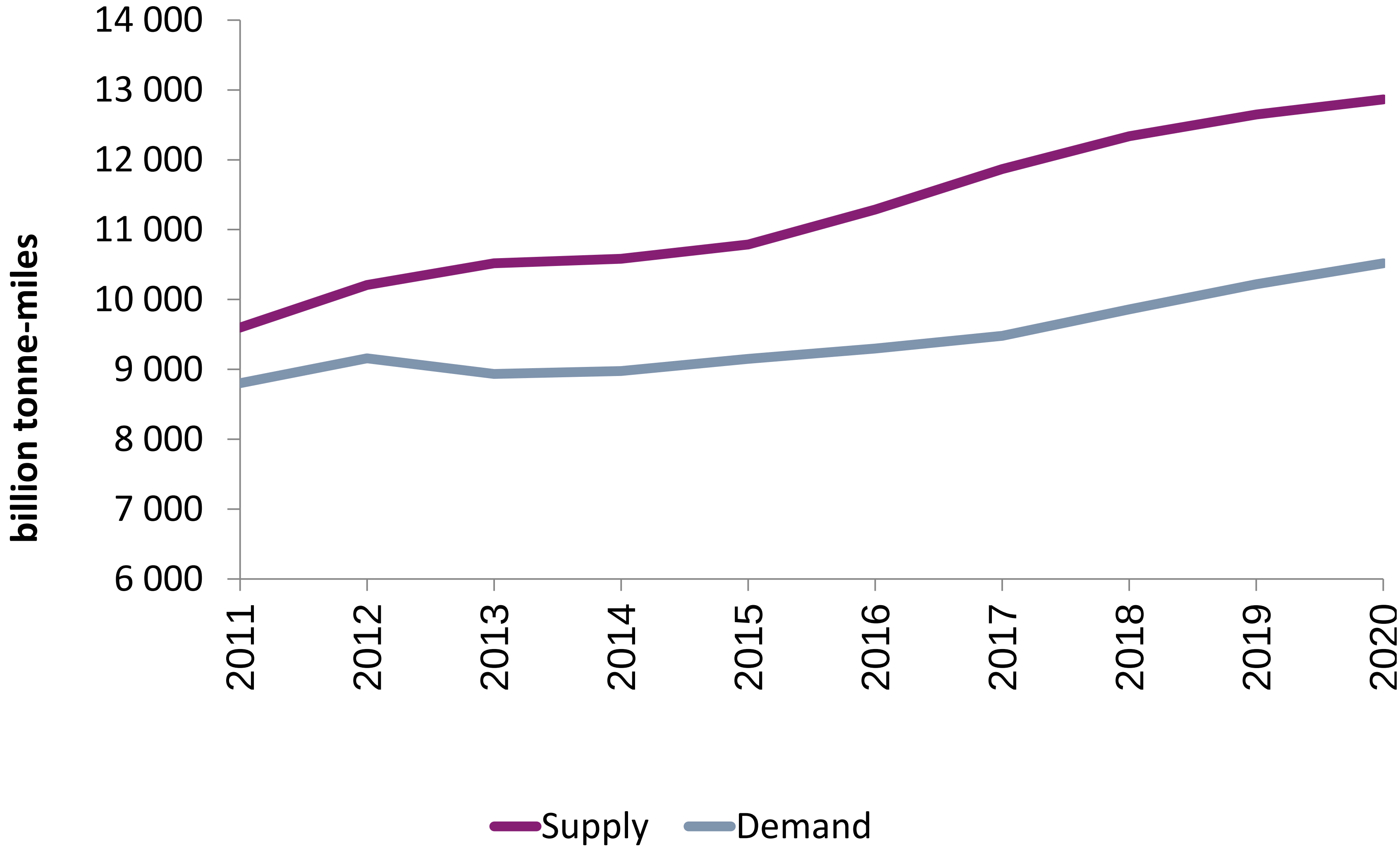
Crude tanker tonne-mile demand



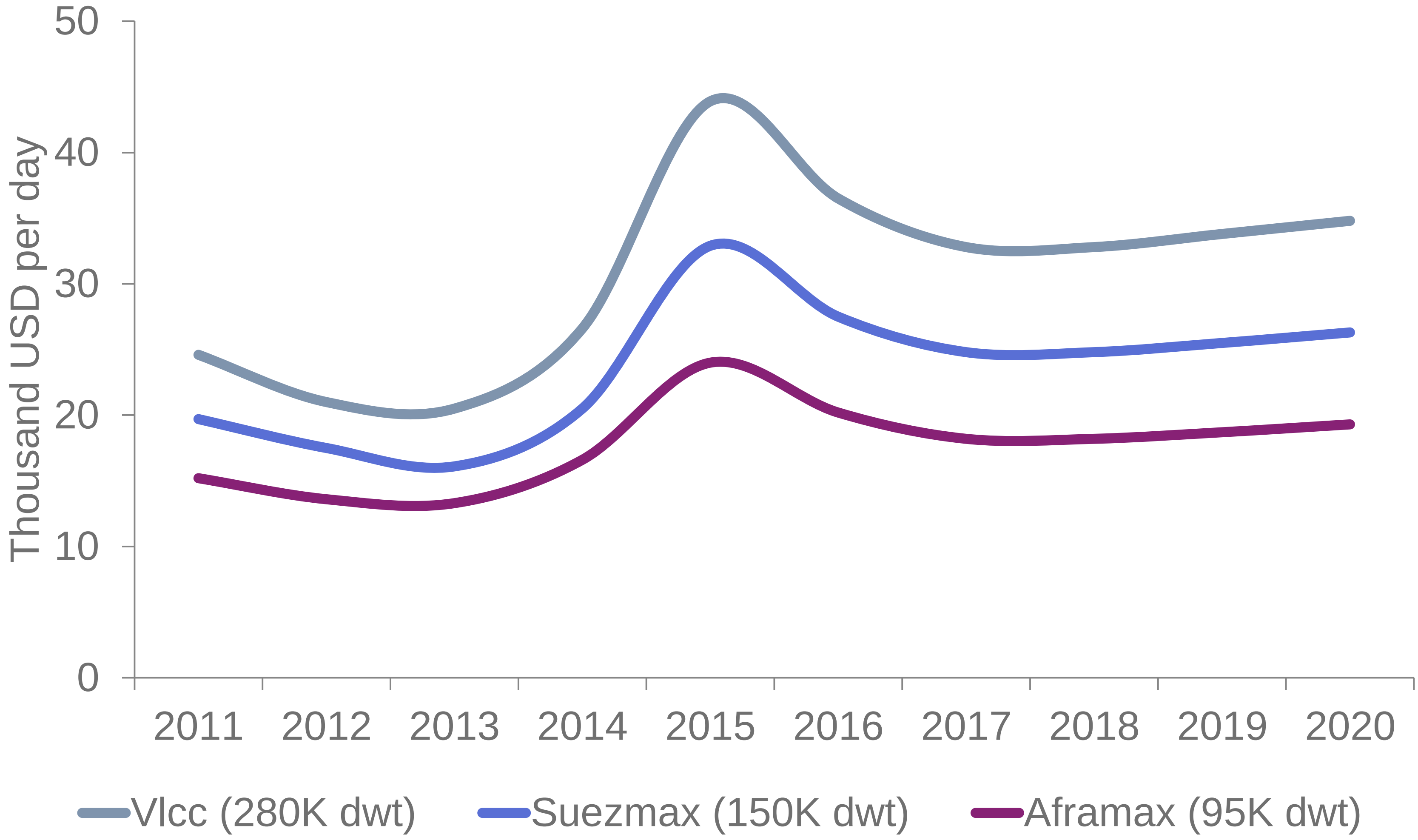
Crude tanker fleet growth



Crude tanker supply-demand balance



Crude tanker: Summary and earnings outlook



Thank You

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