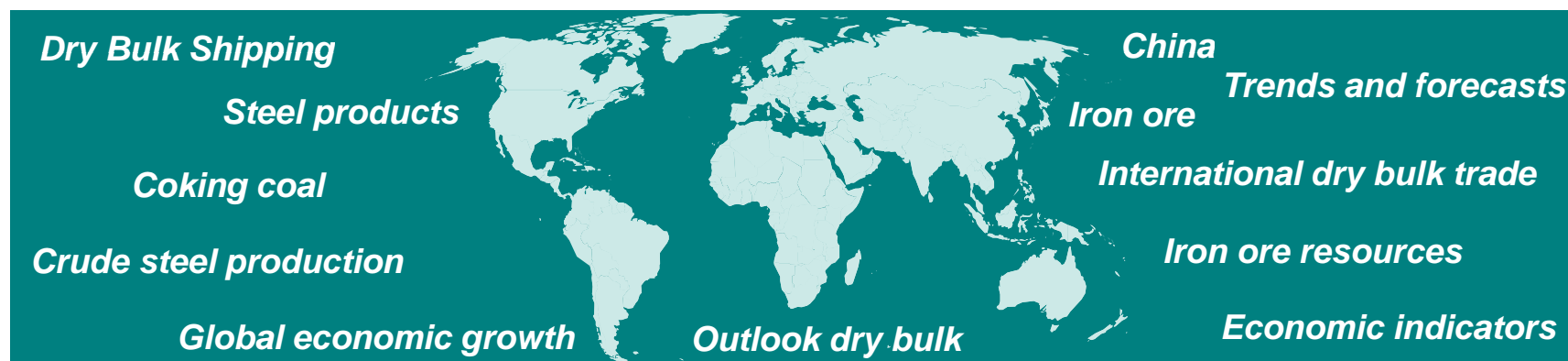


Market Outlook Dry Bulk Commodities



Dry Bulk Shipping

Steel products

Coking coal

Crude steel production

Global economic growth

China

Iron ore

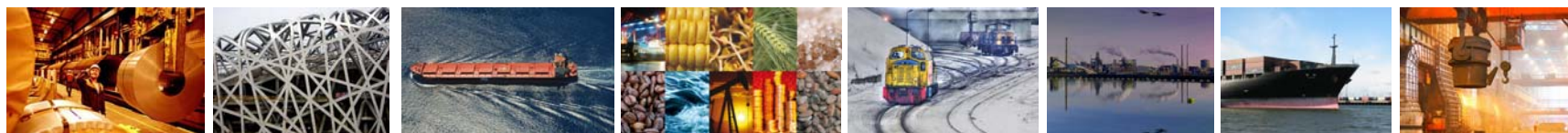
Trends and forecasts

International dry bulk trade

Iron ore resources

Economic indicators

Outlook dry bulk



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ABN AMRO Group Economics | Sector Research

23rd February 2010, Greek Shipping Forum, Athens

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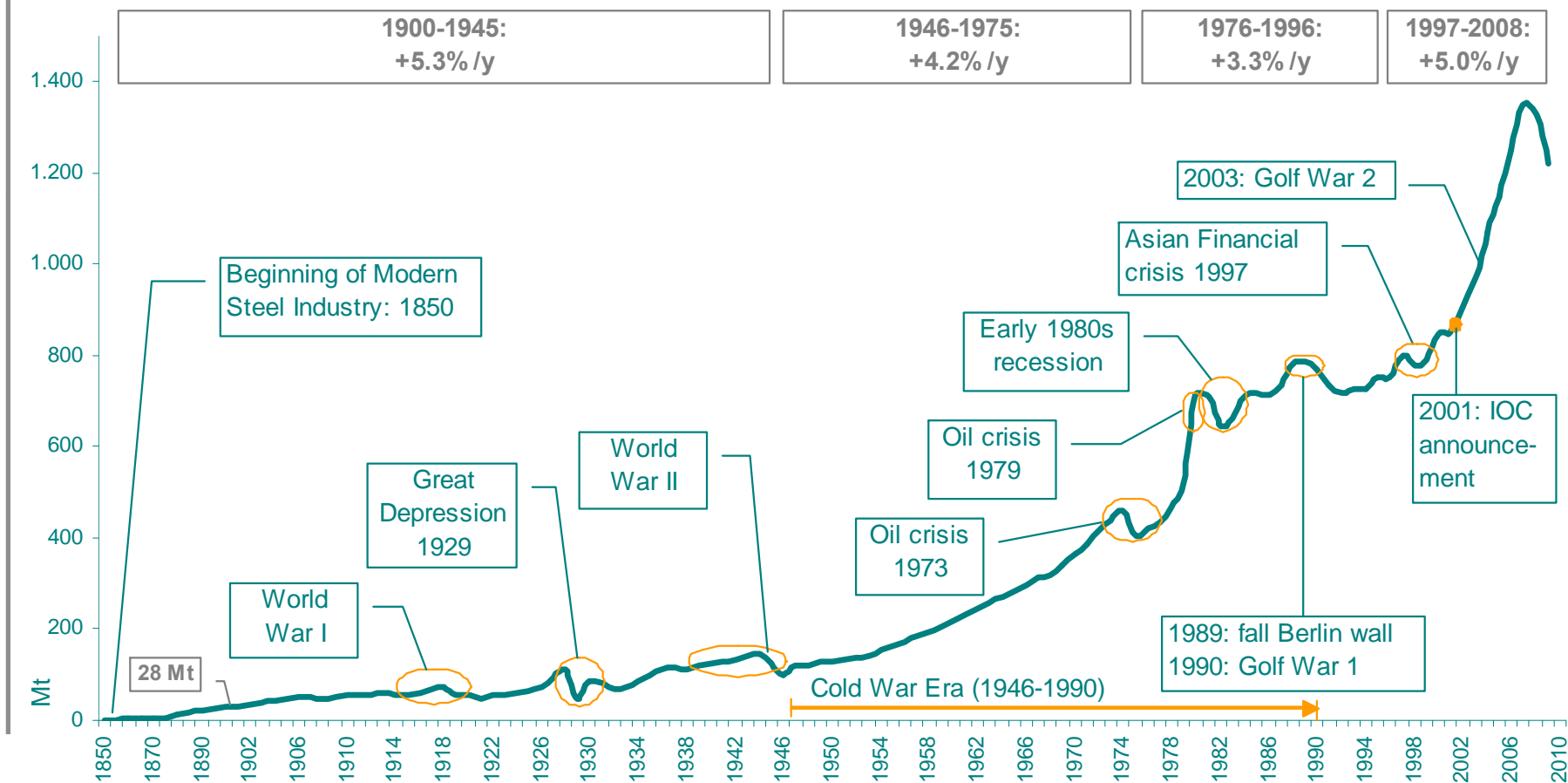
ABN AMRO Group Economics on the internet

www.abnamro.nl/nl/zakelijk/service/publicaties/economisch_bureau.html

Global crude steel production



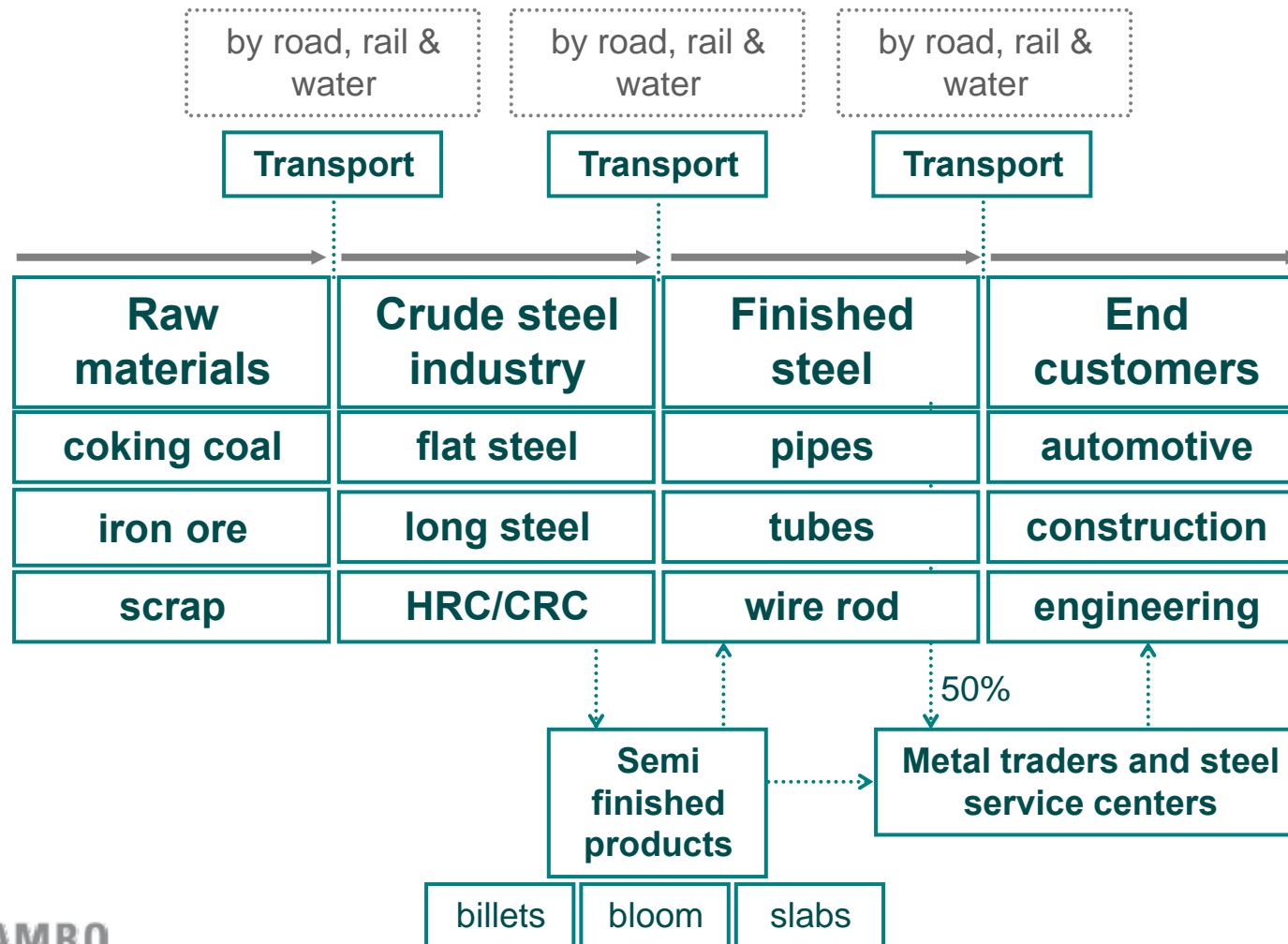
- ▶ Crude steel production decreased -8.2% in 2009 y.o.y.
- ▶ On average, crude steel production has grown 4.5%/y (period 1900-2009)



Ferrous industry value chain



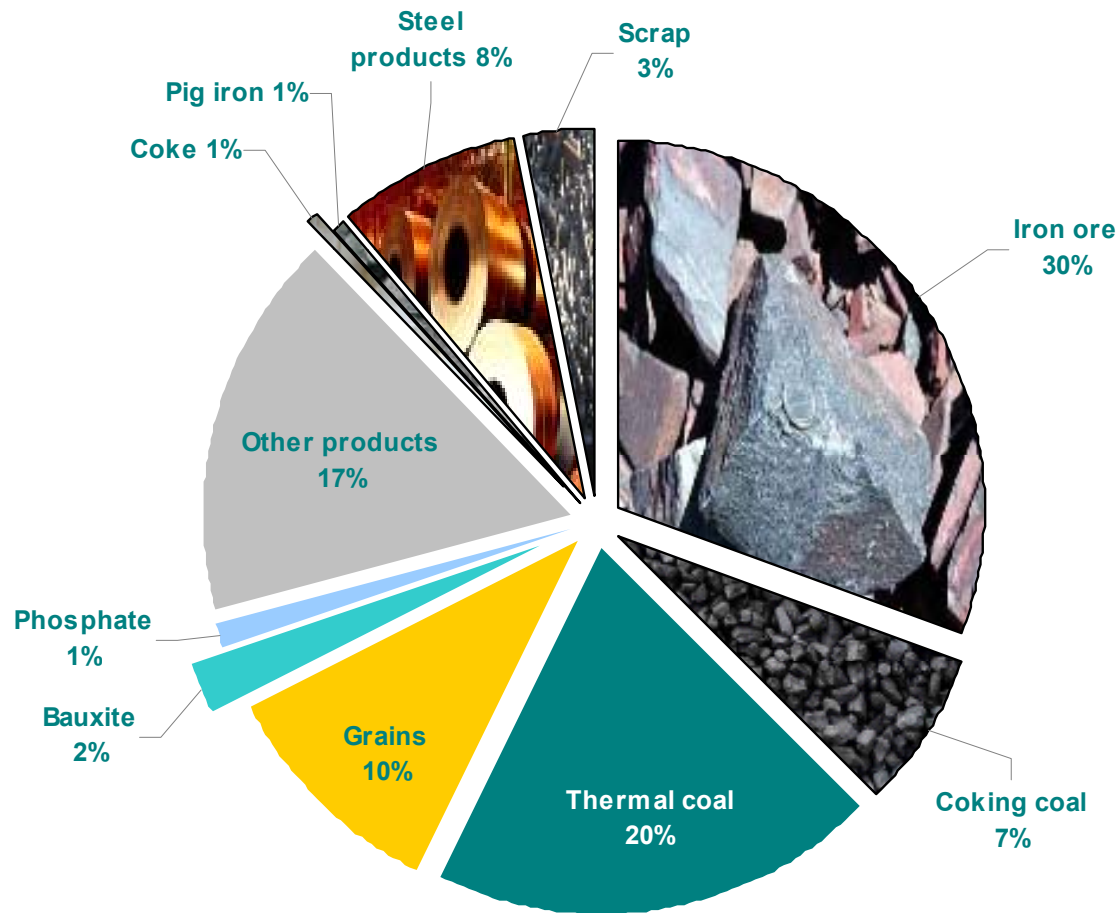
- Nearly all steel industry related materials are relevant for the shipping industry



Worldwide dry bulk trade



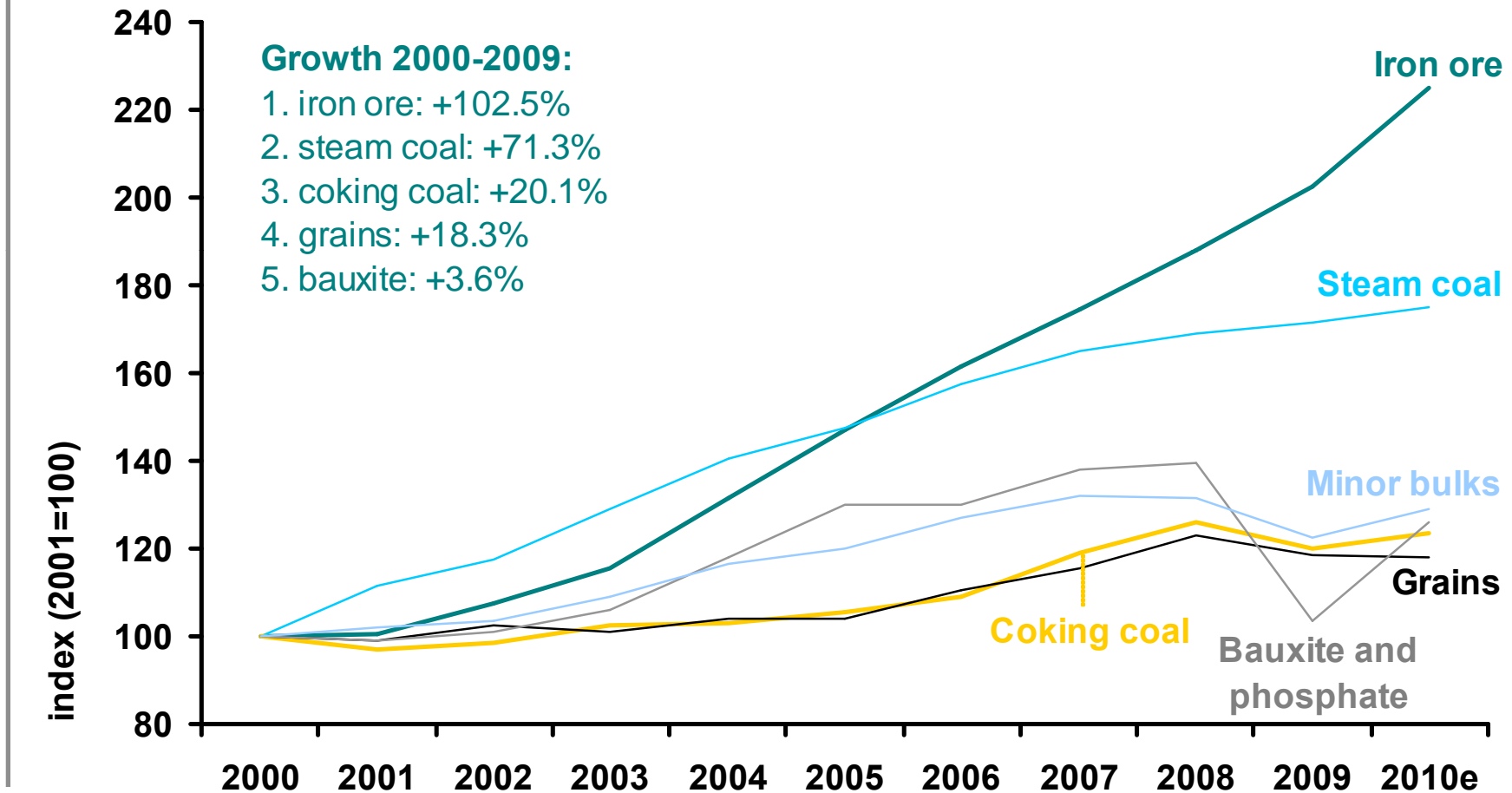
- ▶ 50% of total dry bulk trade is ferrous industry related (coal, steel, iron ore, scrap)
- ▶ 21% of total dry bulk trade is agri business related (grains, sugar, forest products)



Dry bulk trade 2000-2010



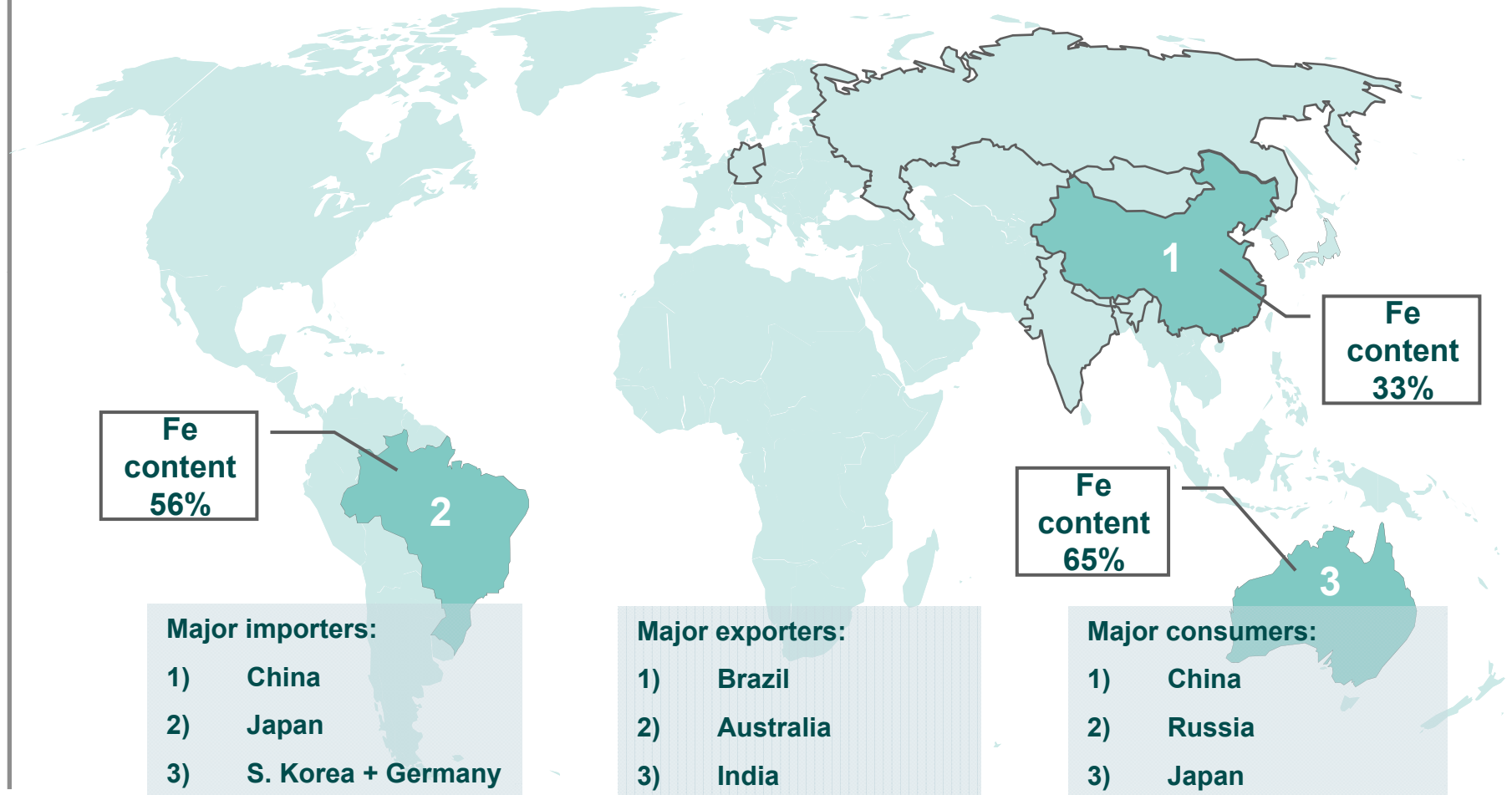
► Growth in all dry bulk commodities, especially in steel raw materials



Iron ore major players



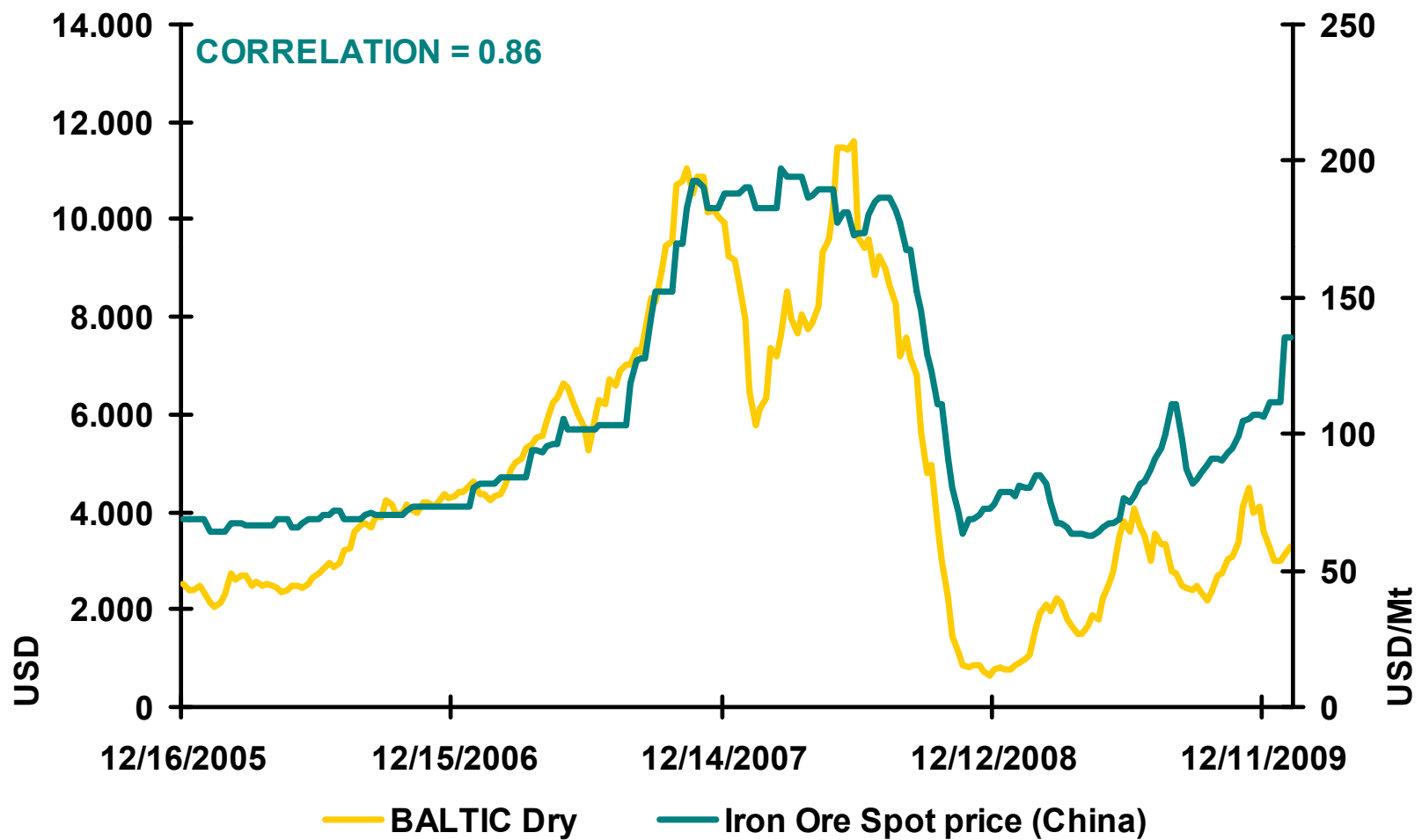
► Production China very high, but Fe content extremely poor



Baltic dry and iron ore price



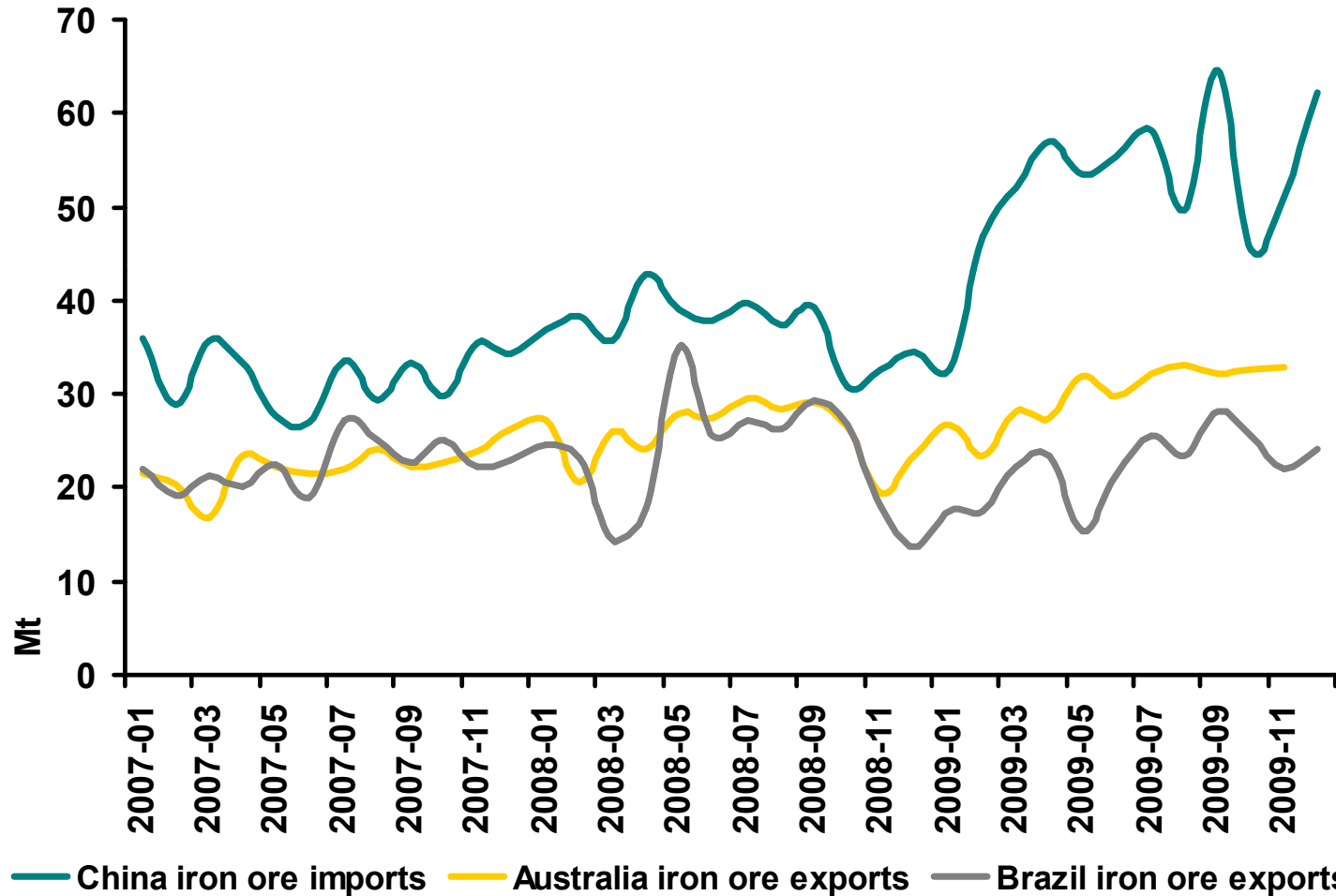
► Higher iron ore demand from China and increasing BDI



International iron ore trade



▶ China iron ore imports keep rising, at the cost of domestic production



Coking coal major players



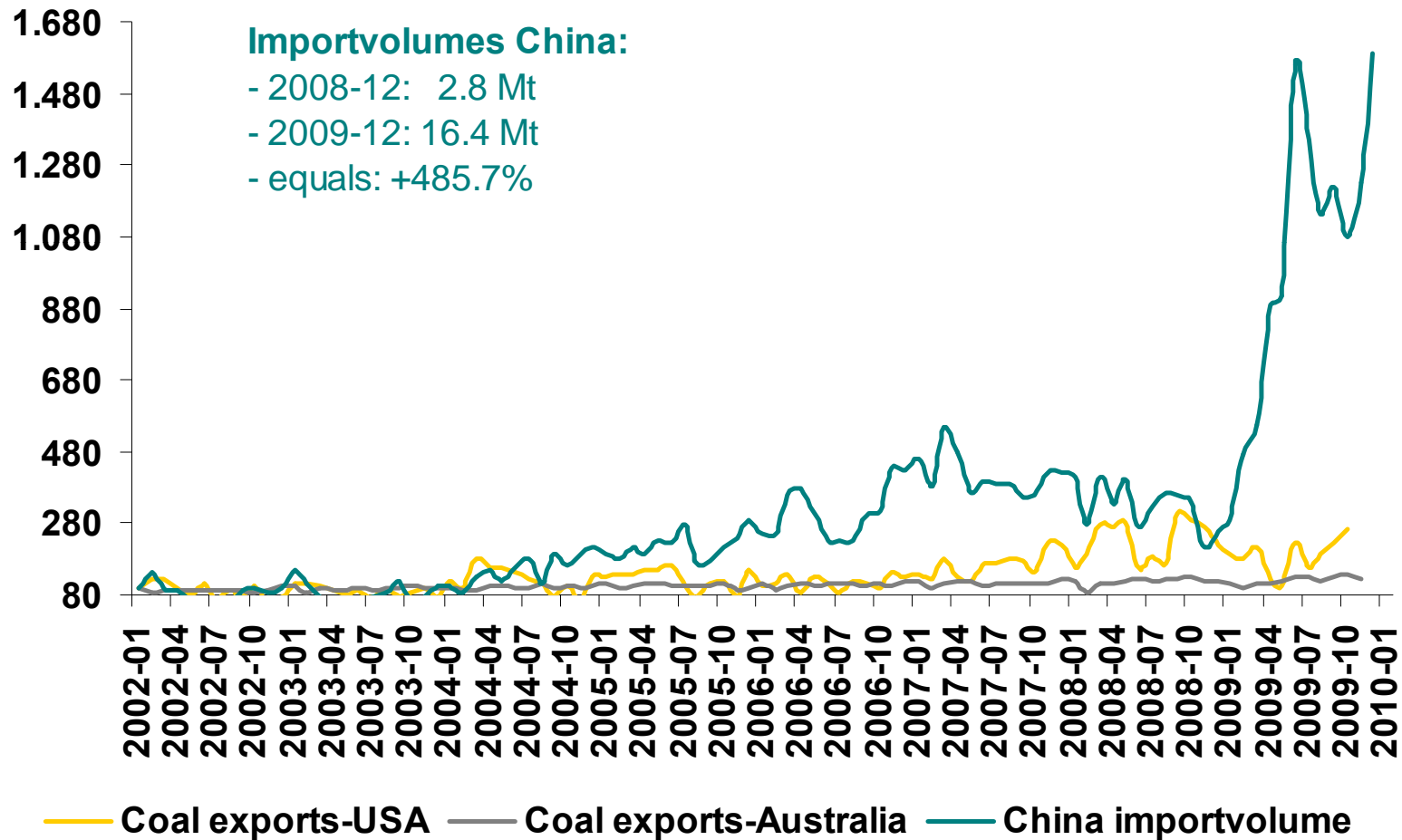
- ▶ China has abundant resources of coking coal, but also many mine accidents



International coal trade



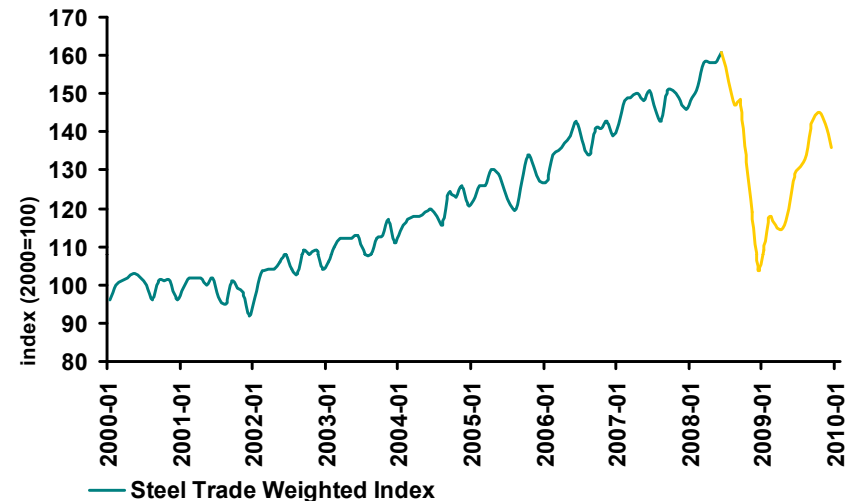
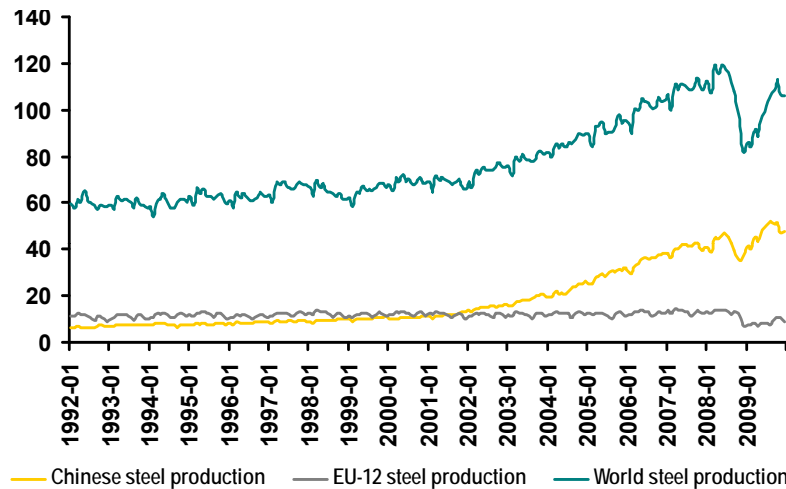
- ▶ China domestic coal of poor quality, difficult to mine and many small companies



International steel trade



- ▶ Extra-regional: China was biggest exporter of steel in 2006, 2007 and 2008; in 2009 Chinese steel exports dropped strongly (position 6)



	World steel exporters			World steel importers	
	Jan-Sep (2009 in Mt)			Jan-Sep (2009 in Mt)	
	2009	%-change 2008		2009	%-change 2008
1. Japan	22.8	-22.0%	1. China	17.1	40.0%
2. EU 27	21.7	-17.0%	2. EU 27	15.4	-51.0%
3. Russia	20.0	-11.0%	3. S. Korea	13.7	-41.0%
4. Ukraine	17.6	-24.0%	4. USA	10.4	-52.0%
5. S. Korea	14.3	-6.0%	5. Turkey	7.4	-33.0%

So, the question is ...

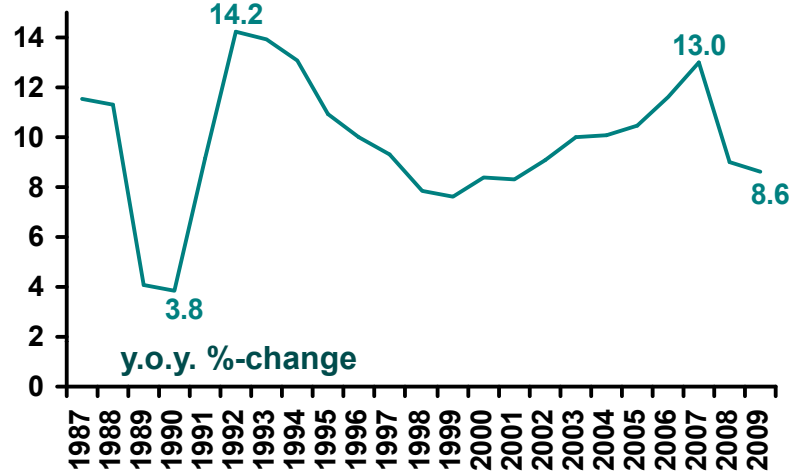


What about China?

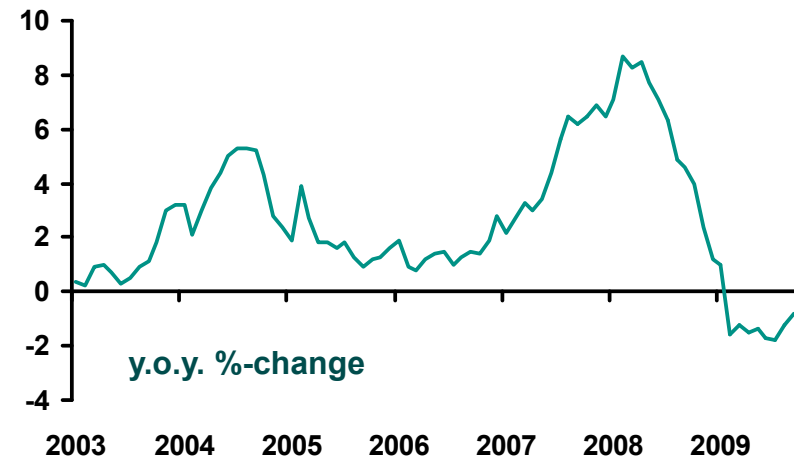
China's economic indicators



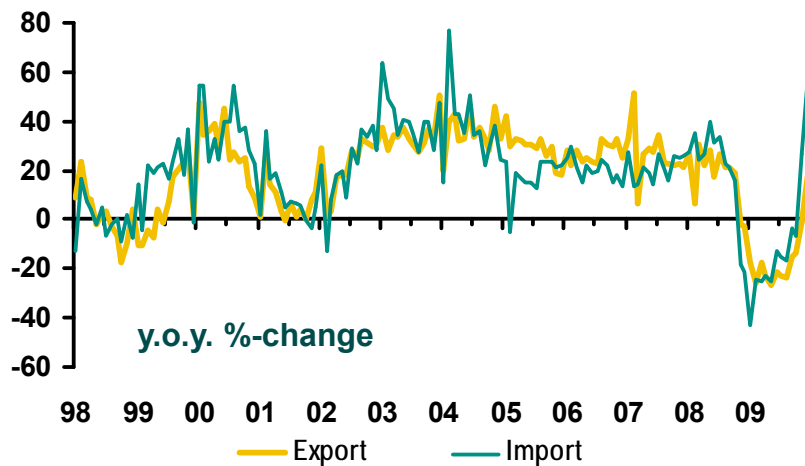
CHINA: GDP



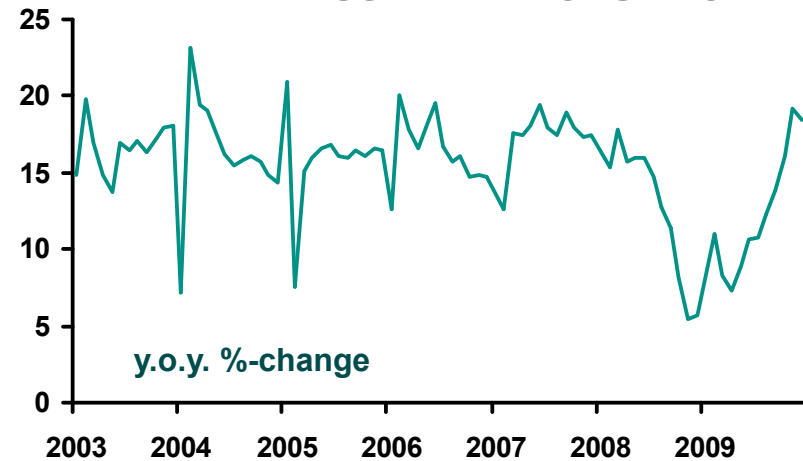
CHINA: INFLATION



CHINA: IMPORT & EXPORT



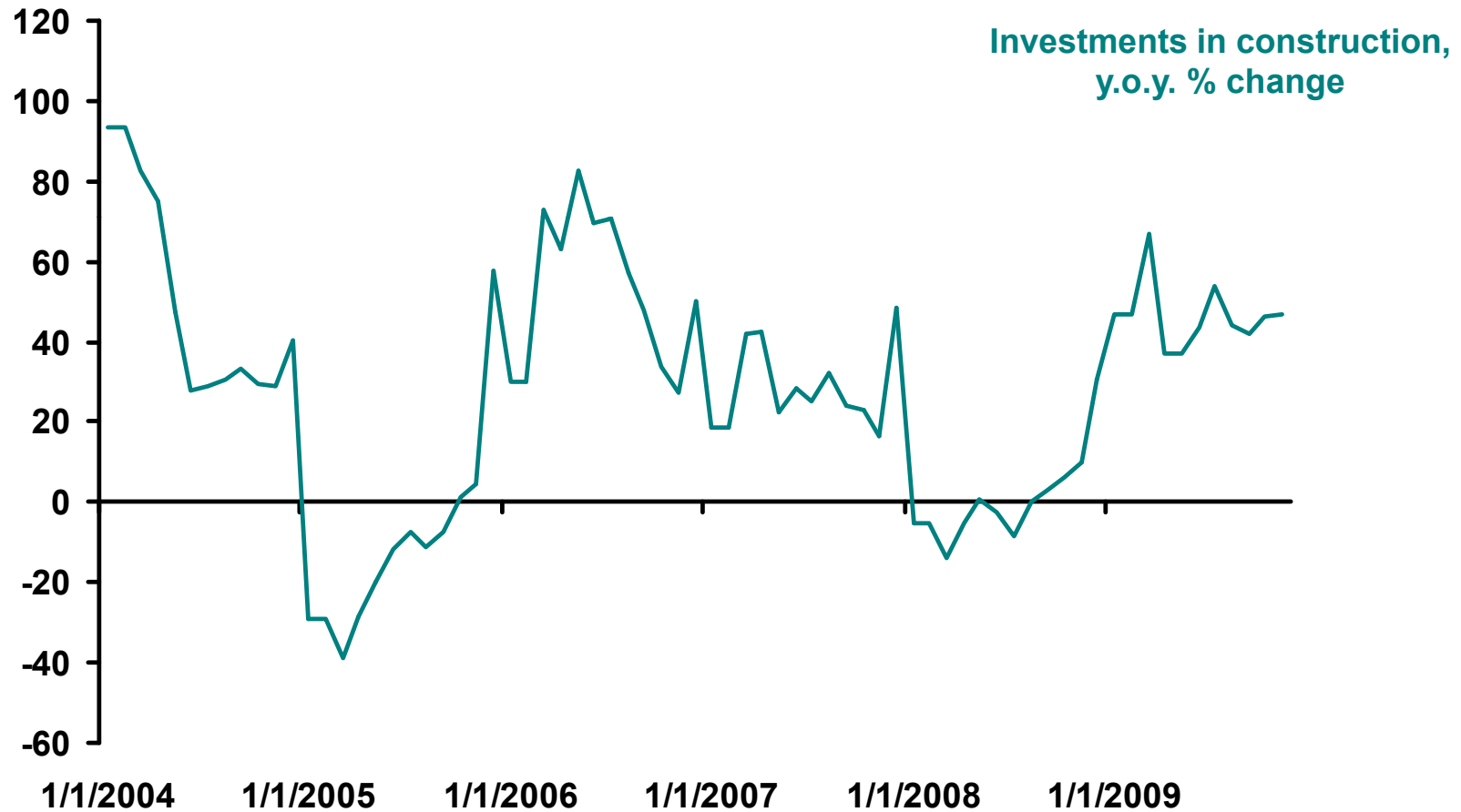
CHINA: INDUSTRIAL PRODUCTION



Investments in China



- ▶ Property construction and investments are likely to remain strong in 2010, judging from newly started projects in recent months



What does ABN AMRO expect?



The road ahead

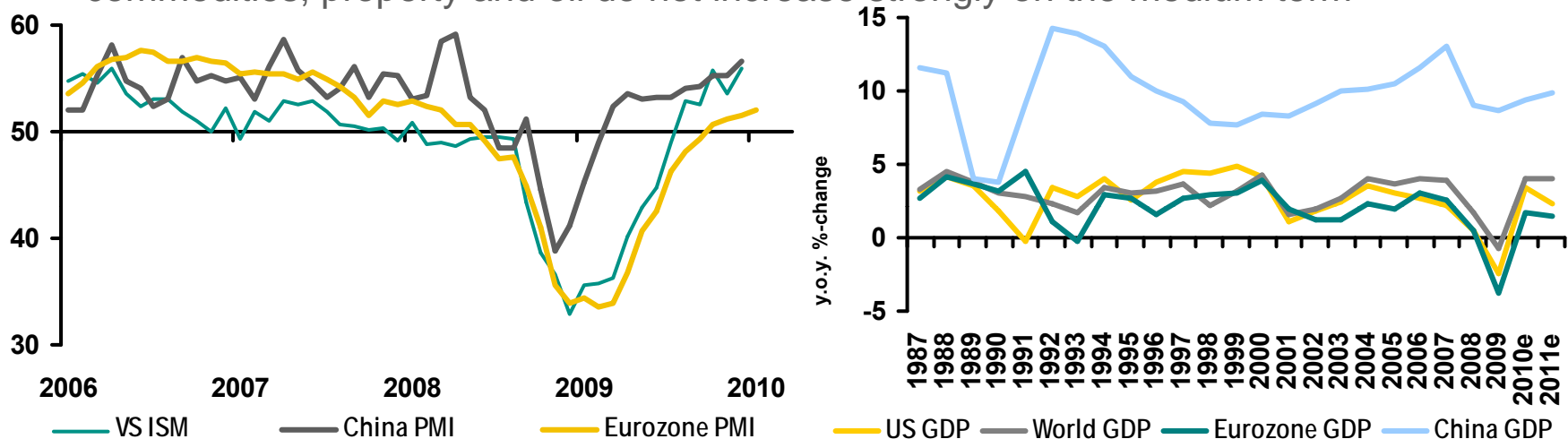
views ABN AMRO until 2011

Our view on Global Economy



▶ Recovery global economy continues, with China leading the way forward

- in our base case, inflation remains moderate, on condition that prices for e.g. dry bulk commodities, property and oil do not increase strongly on the medium term



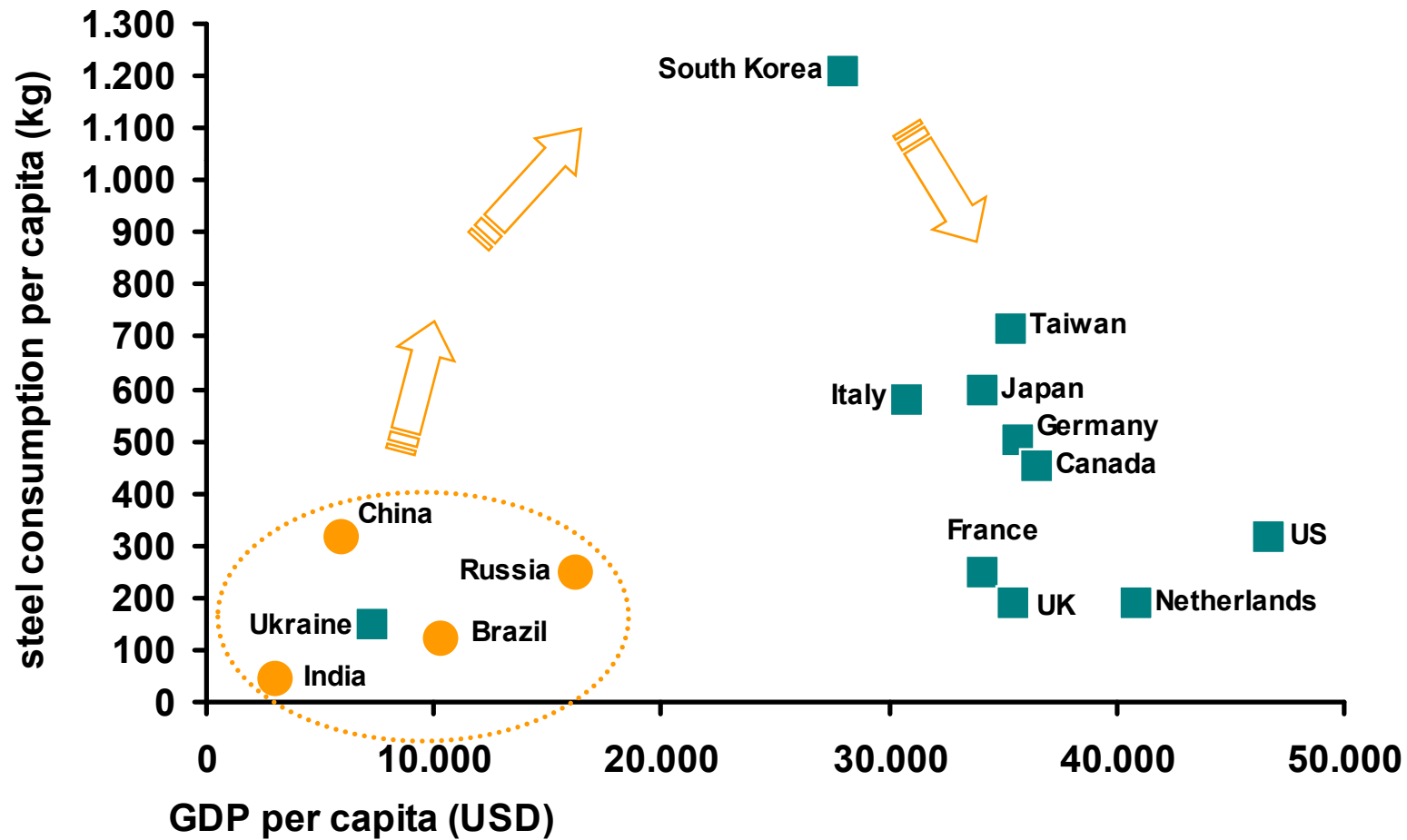
	GDP Growth (% y.o.y.)			Inflation (CPI, % y.o.y. avg)		
	2009	2010	2011	2009	2010	2011
US	-2.4%	3.4%	2.3%	-0.3%	1.9%	1.9%
China	8.6%	9.4%	9.9%	-0.7%	3.0%	3.4%
EU	-3.8%	1.7%	1.5%	0.3%	1.2%	1.6%
World	-0.7%	4.0%	4.0%	2.3%	3.4%	0.8%

Our view on China

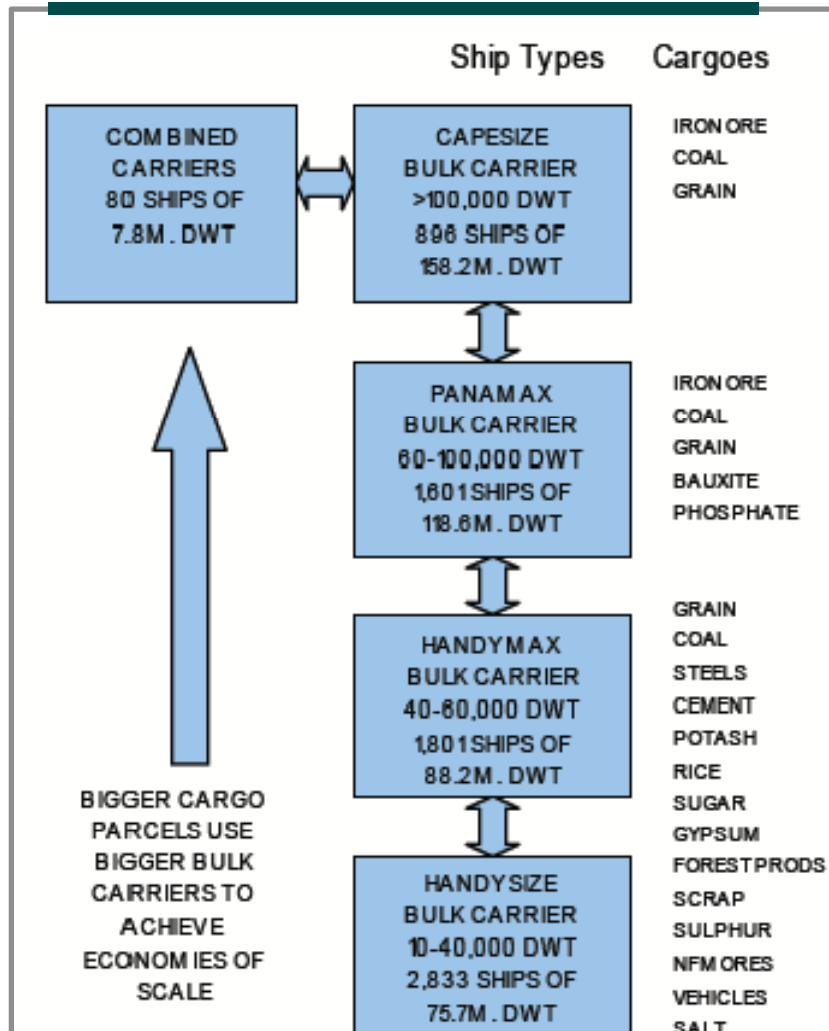


► There are some signs of trouble ahead: e.g. new bubbles (e.g. real estate, stock market) and overheating Chinese economy

- however, China is still a developing country and it is far from done growing



Our view on Dry bulk



- ▶ **Long term iron ore contracts end in April 2010:**
 - because of high demand, iron ore benchmark price may increase again,
 - however, higher contract price iron ore means less (Chinese) demand, which could be some bad news news for capesizers and panamaxen.
- ▶ **Long term coking coal contracts have yet to start:**
 - expectations on hefty price increase are mounting.
- ▶ **Market conditions for shipping should improve:**
 - robust global and Chinese economic growth in 2010/'11
 - higher demand for steel (and metal) scrap,
 - ongoing urbanization emerging markets,
 - recovery real estate markets worldwide,
 - strong growth expected in Chinese auto market,
 - crude steel utilization ratio still at low levels.

End of presentation



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