



Key Highlights



The 6th Annual Global Commodities, Energy & Freight Forum took place at the Metropolitan Club on Wednesday, September 17, 2014.

NEW YORK CITY – Close to 600 senior executives from the maritime, finance and investment communities gathered together at **Capital Link's 6th Annual Global Commodities Forum** which took place on **Wednesday, September 17, 2014** at the **Metropolitan Club** in New York City.

Nicolas Bornozis, President of Capital Link, welcomed all attendees and mentioned that the Forum will further discuss the trends and developments in the physical markets of commodities, energy and freight and how these trends will impact the derivatives activity. He then pointed out that this Forum is in its sixth year and still remains the only forum of its kind focused on the three interrelated areas of commodities, energy and freight which are followed by the same investor and trader universe.



Dodd Frank Roundtable, Left to Right: **Mr. Thomas Sexton III**, **Mr. Michael Sackheim**, and **Mr. Michael Loesch**

The Forum began with the “**Dodd Frank Roundtable**”, moderated by **Thomas Sexton III** (VP, General Counsel and Secretary, National Futures Association). Panelists, **Michael Sackheim** (Partner, Futures & Derivatives Regulatory, Transactional & Enforcement, Sidley Austin LLP) and **Michael Loesch** (Partner, Norton Rose Fulbright) discussed the CFTC's rulemaking efforts over the past several years to implement Dodd-Frank in the swaps area and general enforcement trends that should be of interest to end-users. The panel also discussed different regulatory requirements associated with the use of swaps and futures, and trade options. The panel further focused on implementation of the CFTC's cross-border guidance, the CFTC's proposed rulemaking regarding position limits, and the end-user exception from the clearing mandate and trade execution requirement.

Kenneth Hoffman (CFA, Sector Head, Global Metals & Mining Research, Bloomberg Industries) moderated the “**Iron Ore, Steel & Coal Markets**” panel. Panelists **Daniel Minzer** (Executive Director, Head Metals Commodities, ABN AMRO, Energy Commodities & Transportation), **Brian Beem** (Partner, AMCI), **Kenny Groth** (Assoc. Director, Singapore Exchange) and **Ben Nolan** (Director & Senior Analyst Transportation Sector, Stifel Financial Corp.) discussed The massive slowdown in global bulk markets is due to Chinese markets growth at a standstill. New projects in iron ore continue at full pace helping bulk carriers thrive while prices plummet. Investors in bulks

are watching asset prices fall and are looking for buying opportunities. The bottom line is all eyes are on Beijing and the moves the new government there takes.



Iron Ore, Steel & Coal Markets Panel, Left to Right: **Mr. Kenneth Hoffman**, **Mr. Daniel Minzer**, **Mr. Brian Beem**, **Mr. Kenny Groth**, and **Mr. Ben Nolan**



Charles Davies (Vice President, Commercial Services, World Fuel Services)

Charles Davies (Vice President, Commercial Services, World Fuel Services) led an overview on “**The Impact of Changing Fuel Oil Regulations**”. World Fuel Services, a major provider of marine products, is particularly aware of the regulatory changes that are taking place on January 1, 2015 regarding Sulphur levels in fuel oil in the North American and North European ECA zones. World Fuel is providing solutions for ship owners and operators who will be facing these challenging circumstances and has the technical and commercial expertise to navigate these changes.



The Fuel Oil Market Panel, Left to Right: **Mr. John Keough**, **Mr. Nick Tavlarios**, **Mr. John Demopoulos**, **Mr. Richard Swann**, and **Mr. Charles Davies**

John Keough (Partner, Global Shipping & Commodities Practice, Clyde & Co. US LLP) moderated the “**The Fuel Oil Market**”. Panelists **Nick Tavlarios** (President, Aegean Marine Petroleum Network), **John Demopoulos** (Senior Markets Manager, Americas, Argus Media), **Richard Swann** (Editorial Director, Americas Oil Markets, Platts), and **Charles Davies** (Vice President, Commercial Services, World Fuel Services) explored the details of the regulatory mandate for the changeover by commercial vessels to .1 percent sulphur marine fuel effective January 1, 2015 and its projected effect on fuel oil market prices globally, hedging strategies, availability of compliant fuel and alternatives, and operational issues. The Panel also addressed the tandem effect of evolving sanctions on Iran and Russia, combined with the January changeover and the possible reduction of supply of Russian bunker fuel.

Richard Baker (CEO, The ClearTrade Exchange) served as the moderator on the “**Trading, Settling & Financing Derivatives Trade**” panel. Panelists **Christian Schneider** (Head of Product Development & Projects, European Energy Exchange), **Martin Vera** (Director of US Freight & Commodities Solutions, FIS USA), **Edward Meir** (Chief Analyst, INTL-FC Stone Inc.), and **Carl Daucher** (Head of Commodities, Bloomberg) explored the migration of OTC swaps towards commodity futures. Was this one of the unintended consequences of the Dodd Frank swaps reform, the panel debated. The panel took the end users point of view to explore what has changed for market participants at the point of trade, during post trade processing and at give up to clearing. From price formation, index transparency to margin implications when clearing, the panel debated the significant rule changes that has led regulatory market fragmentation and seen swings in open interest pools, during 2013/14, between clearing houses for the Dry Bulks commodity market globally. The panel concluded that the journey towards Block Futures, as the clear market preference, has not yet concluded and that the industry can expect further and accelerated adoption in the whole Dry Bulks Commodity Market.



Trading, Settling & Financing Derivatives Panel, Left to Right: Mr. Richard Baker, Mr. Christian Schneider, Mr. Martin Vera, Mr. Edward Meir, and Mr. Carl Daucher

Brian Perrott (Partner, Holman Fenwick Willan LLP) spoke on “**Freight Legal Issues**” about the risk and fall out arising from banks re-possessing of vessels. Perrott emphasized the need for parties to shape and take control of their contractual destinies through clearly drafted charter clauses.



Brian Perrott (Partner, Holman Fenwick Willan LLP)



The Tanker Market Panel, Left to Right: Mr. Jeffrey Goetz, Mr. Douglas Mott, Mr. Court Smith, Mr. Jason Klopfer, and Mr. Robert P. Burke

Jeffrey Goetz (Managing Director, Poten & Partners) moderated “**The Tanker Market**” panel and panelists **Douglas Mott** (Shipping & Marine Credit, BP plc), **Court Smith** (Business Analyst, MJLF & Associates, Inc.), **Jason Klopfer** (Commercial Director, Navig8 America LLC), and **Robert P. Burke** (CEO, Ridgebury Tankers) decided that the key advice for tanker owners is to maintain their ships so that they are able to maintain their oil major approvals. The

capital markets in shipping are still receptive to investing in shipping. The Norwegian markets are easier and faster to work with as there is considerably less regulatory filing requirements. Private equity is also a good source of capital, but an owner needs to find a group that has a similar outlook and that an owner can easily and confidently work with.

Douglas Newton (Director, Dry Cargo, Clarksons New York) moderated “**The Dry Bulk Freight Market**” panel and the panelists were **Tasos Aslidis** (CFO, Euroseas Ltd.), **Fred Gordon** (SVP, Corporate Affairs, Navios Maritime Holdings), **Pankaj Khanna** (CEO, Pioneer Marine Ltd.), and **Nicholas K. Notias** (CEO, SteelShips). Worldwide demand for iron ore, coal and grain remain strong so we still expect a rally, especially in Capes, through the balance of the year. The lack of higher freight during the strong Q2 grain season was on the back of less congestion and the grain houses hedging out the expected demand. Over the medium term – exactly what this period will be is a discussion point - overall demand into China remains robust (despite potential increased taxing and pollution concerns), and expect the strong recent increase in Indian coal imports to continue in the foreseeable future. The Ultramaxers, with a large delivery programme over the next two years, could be the most interesting of the vessels in terms of substitution into different trades.



The Dry Bulk Freight Market Panel, Left to Right: Mr. Douglas Newton, Mr. Tasos Aslidis, Mr. Fred Gordon, Mr. Pankaj Khanna, and Mr. Nicholas K. Notias

Richard Heath (Director, World Container Index, ClearTrade Exchange) moderated “**The Container Market**” panel and panelists were **John Coustas** (President & CEO, Danaos Corporation), **Jean-Marie Lamay** (Head of Commodity & Freight Solutions, HSH Nordbank) and **John Burns** (CFO, TAL International). A diverse panel representing several different sectors within the industry held an informative debate regarding current container market fundamentals and the recent formation of several ‘mega alliances’ between container shipping lines. The panel was of the opinion that current vessel ordering activity was not actually driven by demand factors but instead by an ever increasing arms race to drive efficiency and lower slot costs. Once a single shipping line has initiated a new building programme for a new class of vessel others are forced to follow in order to achieve the same cost profile. The natural result of this cycle is consistent oversupply creating depressed freight rates and inevitably resulting in consolidation through vessel sharing agreements or mergers. Given that the potential for further consolidation of this kind is now exhausted the question is where will the continued drive for greater cost efficiency lead next?



The Container Market Panel, Left to Right: Mr. Richard Heath, Mr. John Coustas, Mr. Jean-Marie Lamay, and Mr. John Burns



Analyst Roundtable, Left to Right: Mr. Brian Devine, Mr. Gregory Lewis, Mr. Jonathan Chappell, Mr. Fotis Giannakoulis, and Mr. Michael Webber

The Forum ended with the “**Analyst Roundtable**” led by **Brian Devine** (Partner, Norton Rose Fulbright). Panelists were **Gregory Lewis** (CFA, Equity Research, US Oil Services and Marine, Credit Suisse), **Jonathan Chappell** (Managing Director Research, Evercore Partners, Inc.), **Fotis Giannakoulis** (Vice President Shipping, Morgan Stanley), and **Michael Webber** (Senior Analyst, Director Shipping Equipment Leasing & Marine MLPS, Wells Fargo Securities). The analyst roundtable gave a comprehensive industry overview. There was a lively discussion of the current and future prospects of the tanker, bulker and container markets and even some personal views about certain individual companies that the panelist consider leaders.

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