

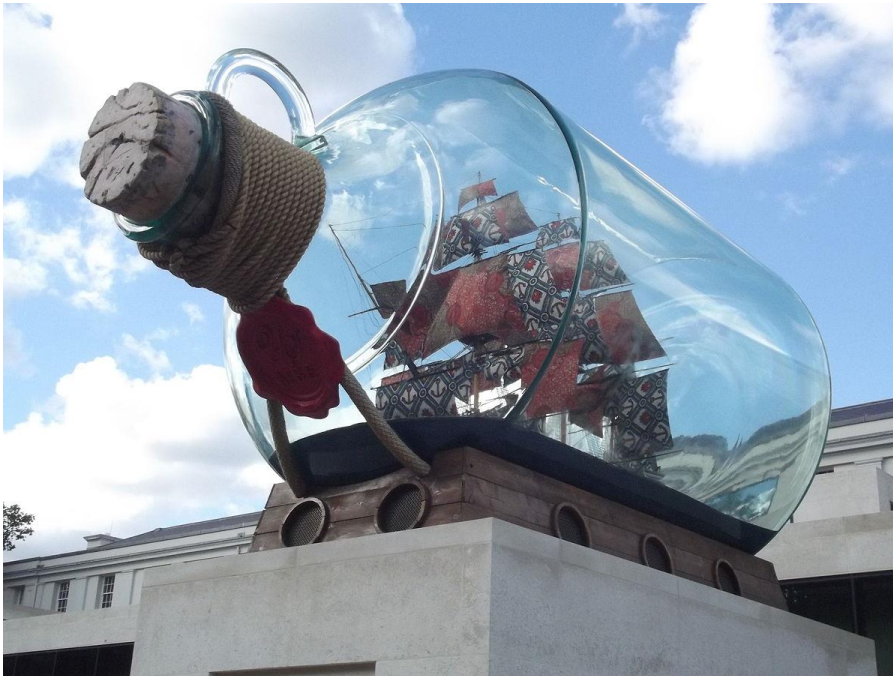


Opportunities and Outlook for the Shipping Markets

James Frew - Maritime Strategies International (MSI)

8th Capital Link Greek Shipping Forum – 15th February 2017

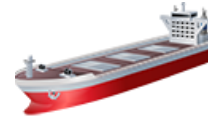
Outlook and opportunities

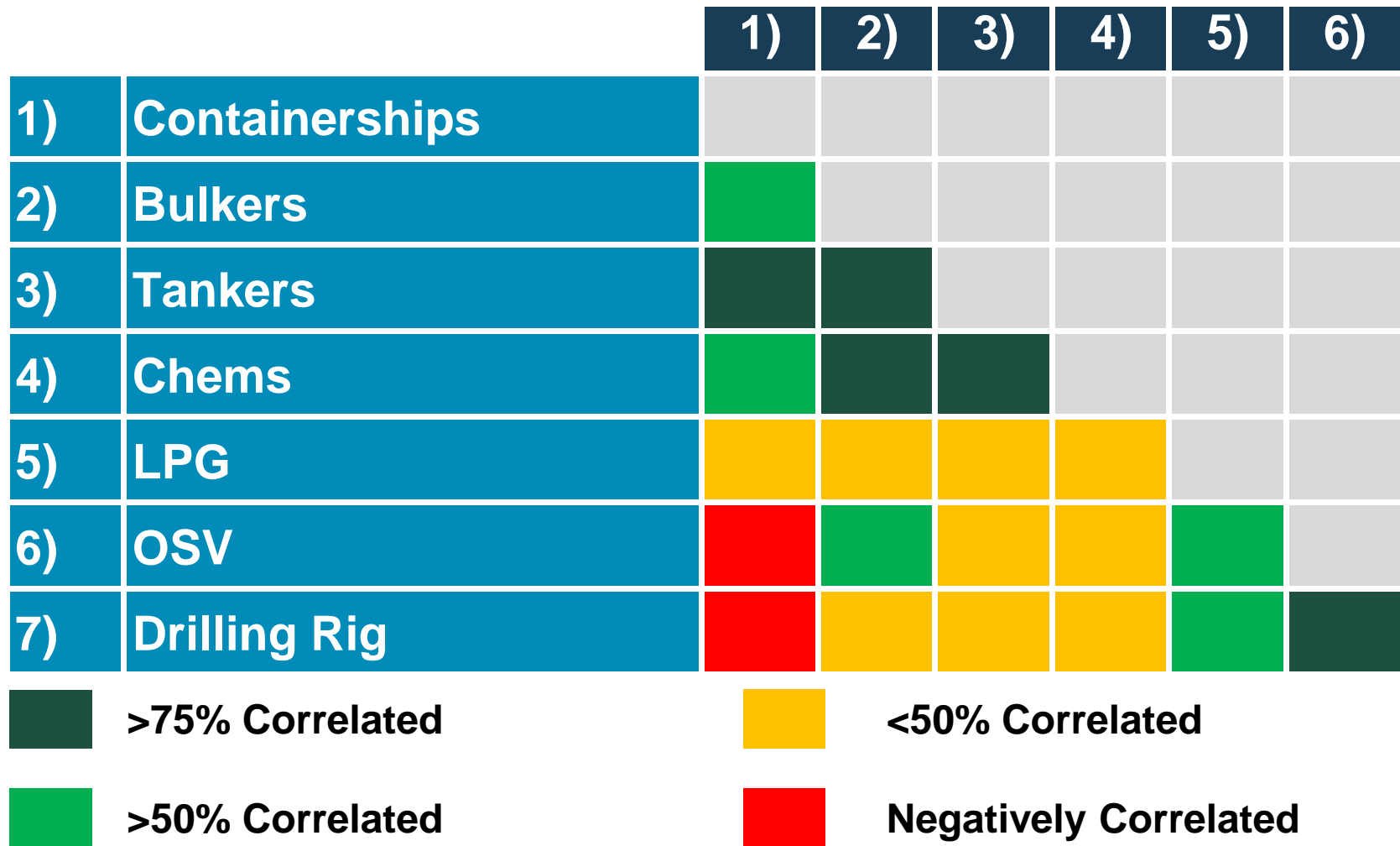


1. Sector Correlations
2. Demand outlook
3. Supply side
4. Price Drivers
5. Recovery?

Outlook and opportunities


Sector correlations






Commodity shipping sectors well correlated with each other, but not offshore and LPG

		1)	2)	3)	4)	5)	6)	7)	8)	9)	10)
1)	Crude Oil										
2)	Product	Yellow									
3)	Chemicals	Yellow	Yellow								
4)	LPG	Green	Yellow	Red							
5)	LNG	Yellow	Yellow	Yellow	Yellow						
6)	Bulker	Yellow	Yellow	Yellow	Yellow	Yellow					
7)	Container	Green	Yellow	Yellow	Yellow	Green	Green				
8)	PCTC	Yellow	Yellow	Yellow	Yellow	Yellow	Green	Dark Green			
9)	Cruise	Yellow	Yellow	Green	Yellow	Yellow	Yellow	Green	Yellow		
10)	AHTS	Red	Yellow	Red	Red	Red	Yellow	Yellow	Yellow	Red	

 **>75% Correlated**

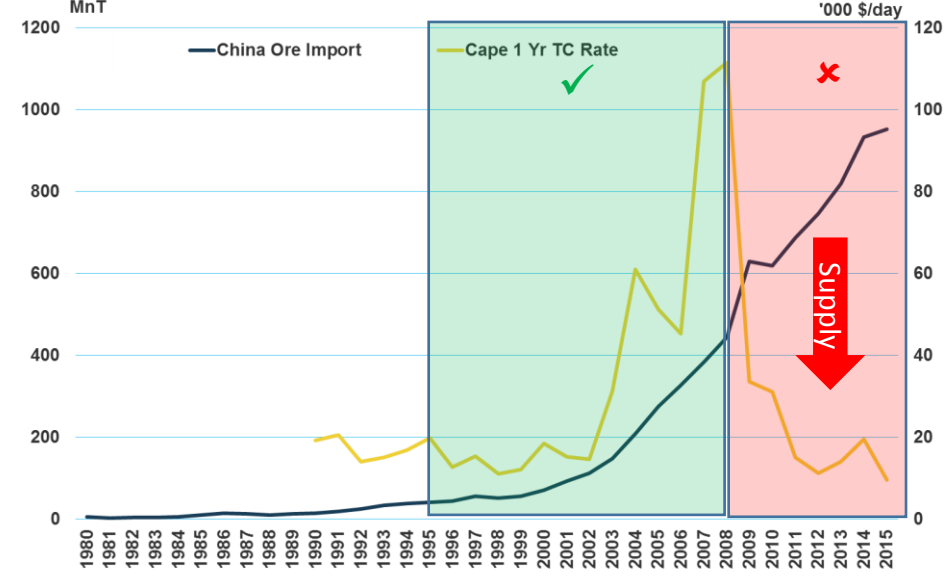
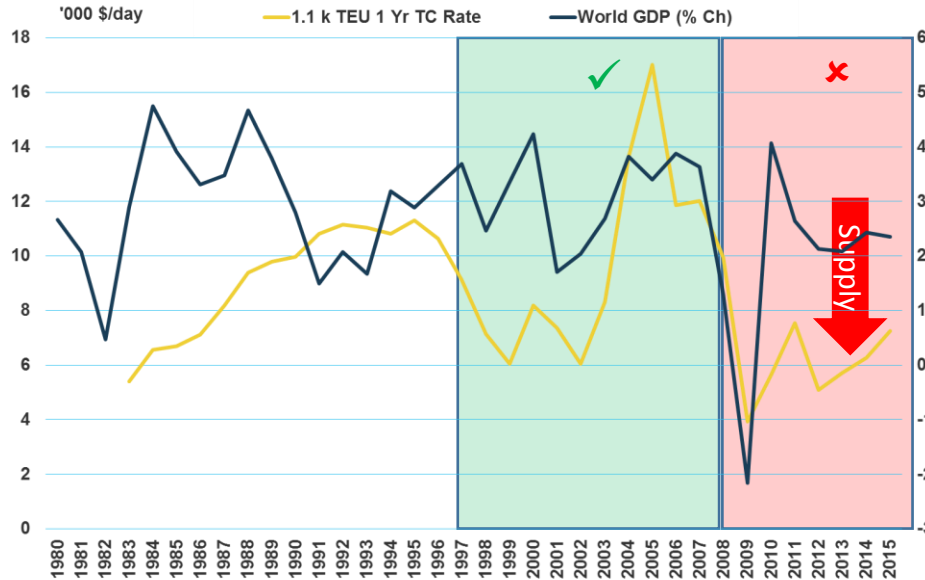
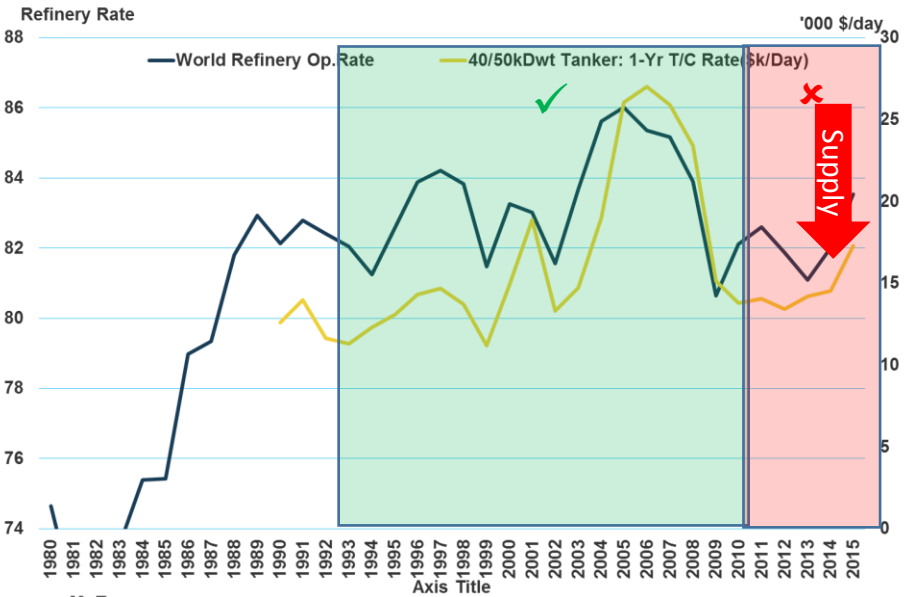
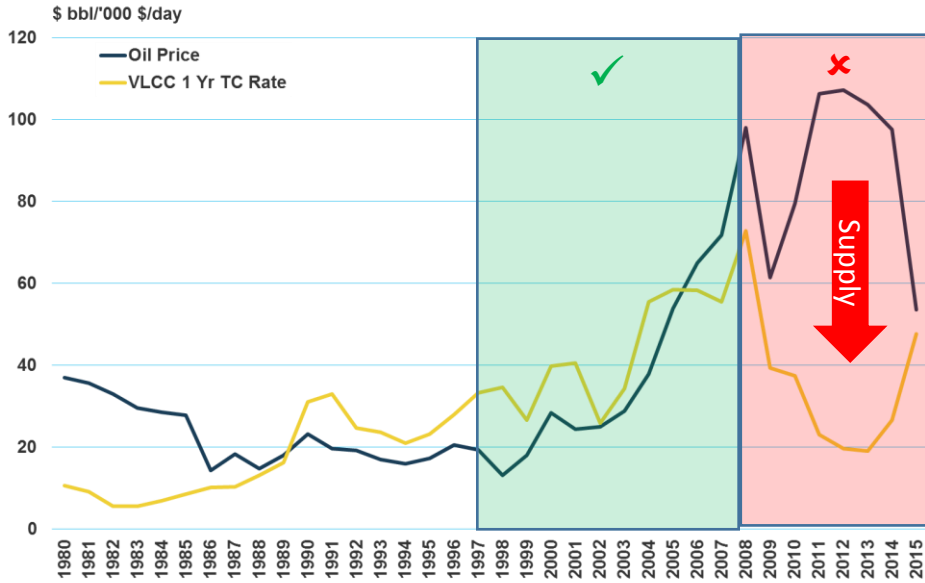
 **<50% Correlated**

 **>50% Correlated**

 **Negatively Correlated**

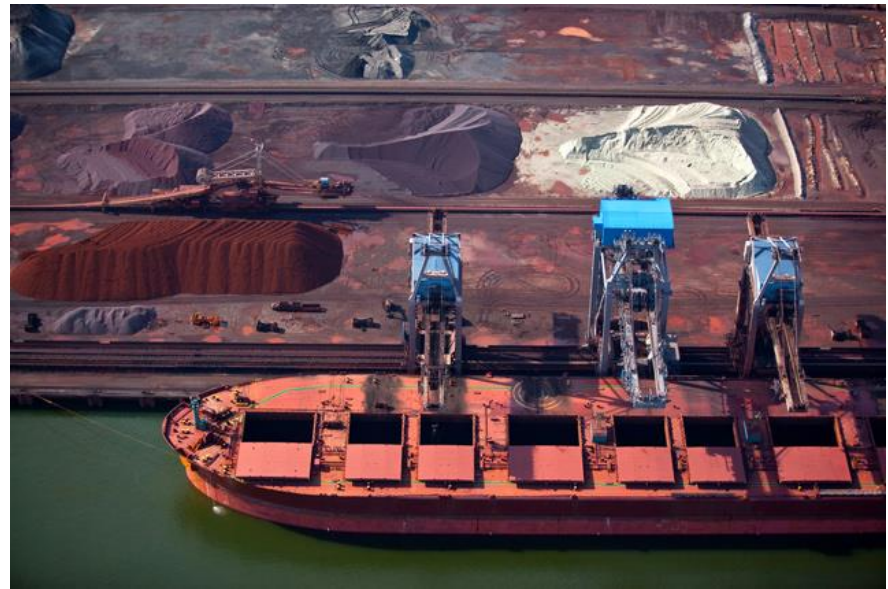
Most sectors are positively correlated, but not tightly so

It is supply that is wrecking the markets

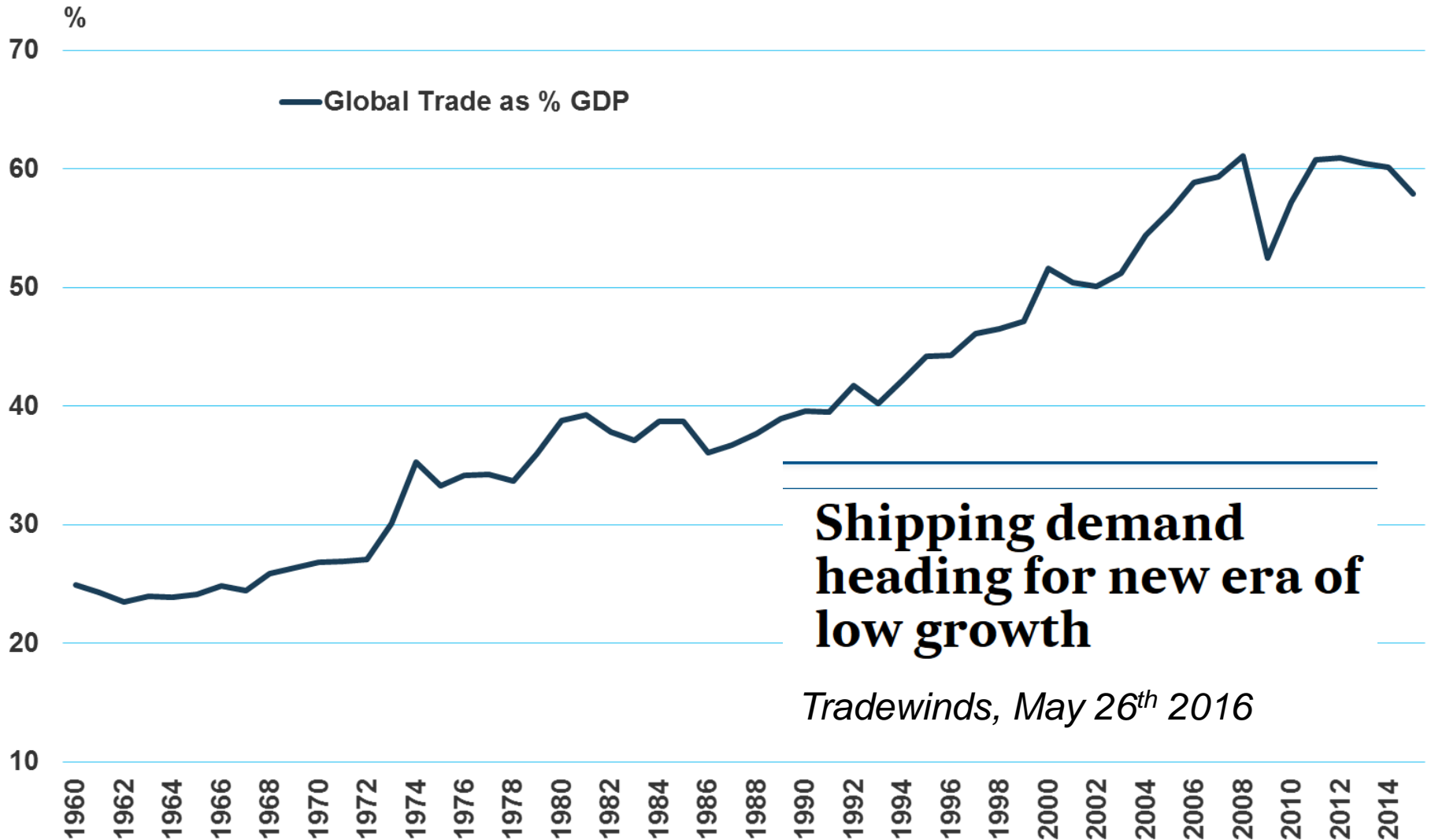


Outlook and opportunities

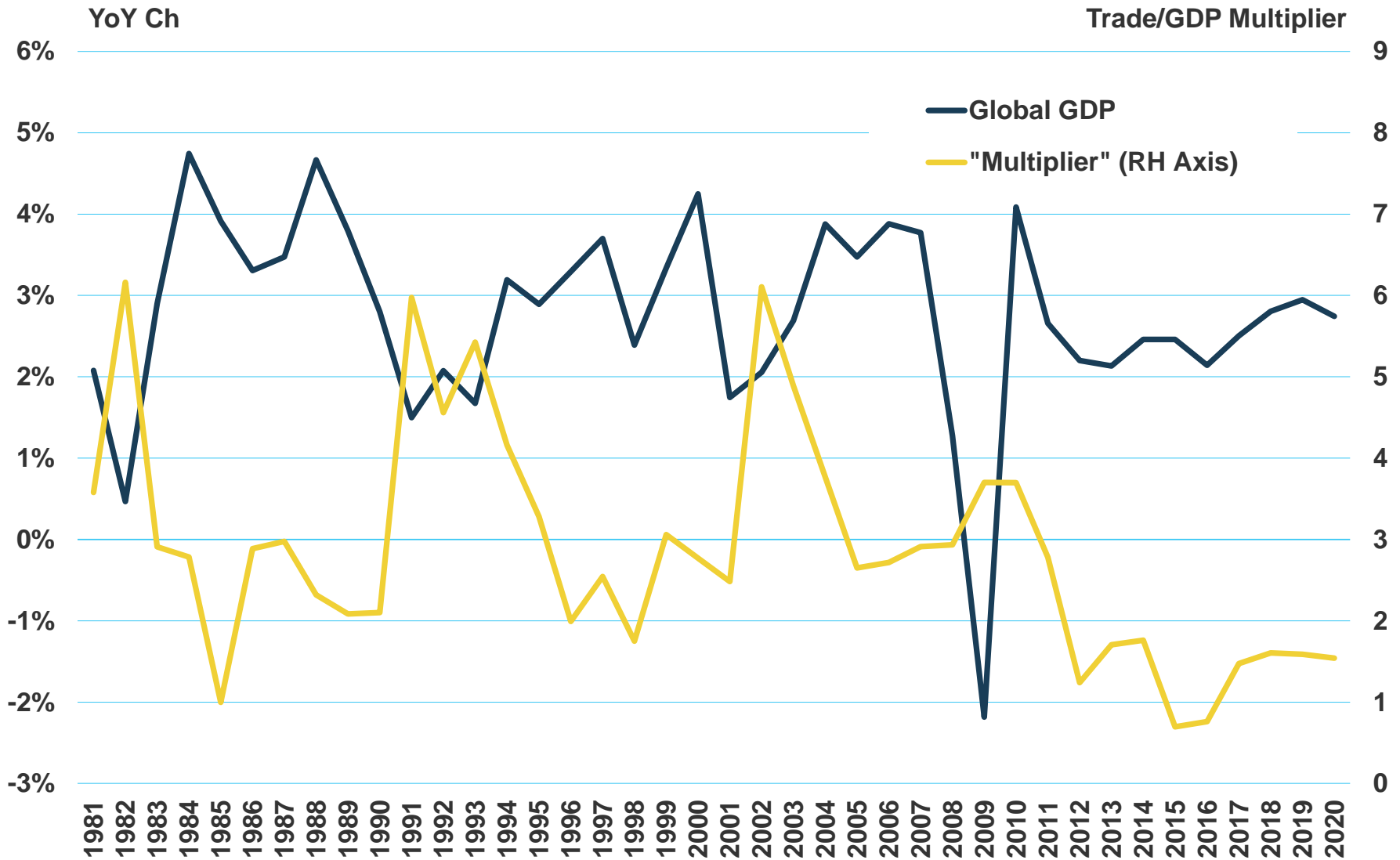
Demand

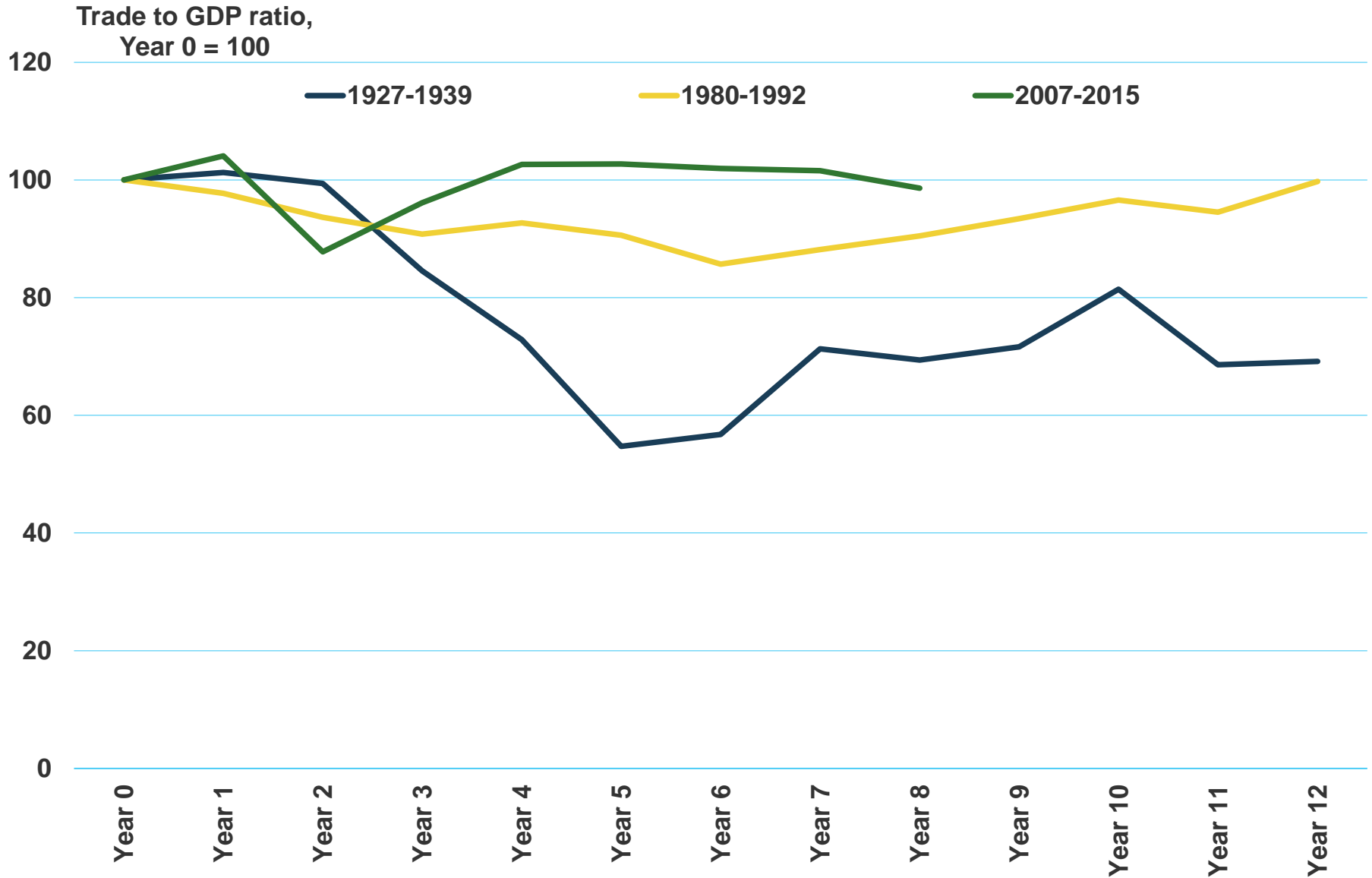


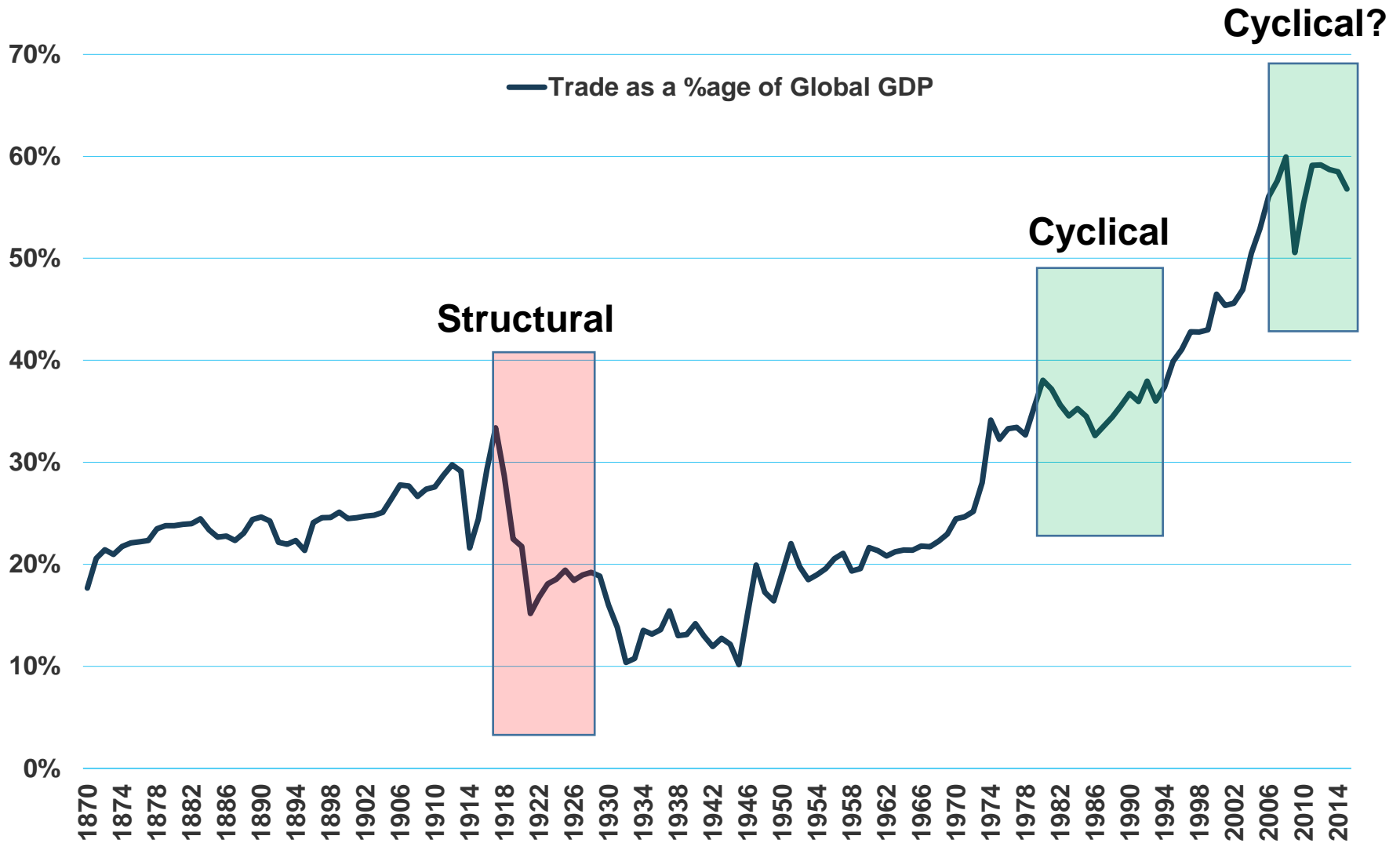
Headline Trade Ratio has Stalled



And the container trade/GDP multiplier has broken down?



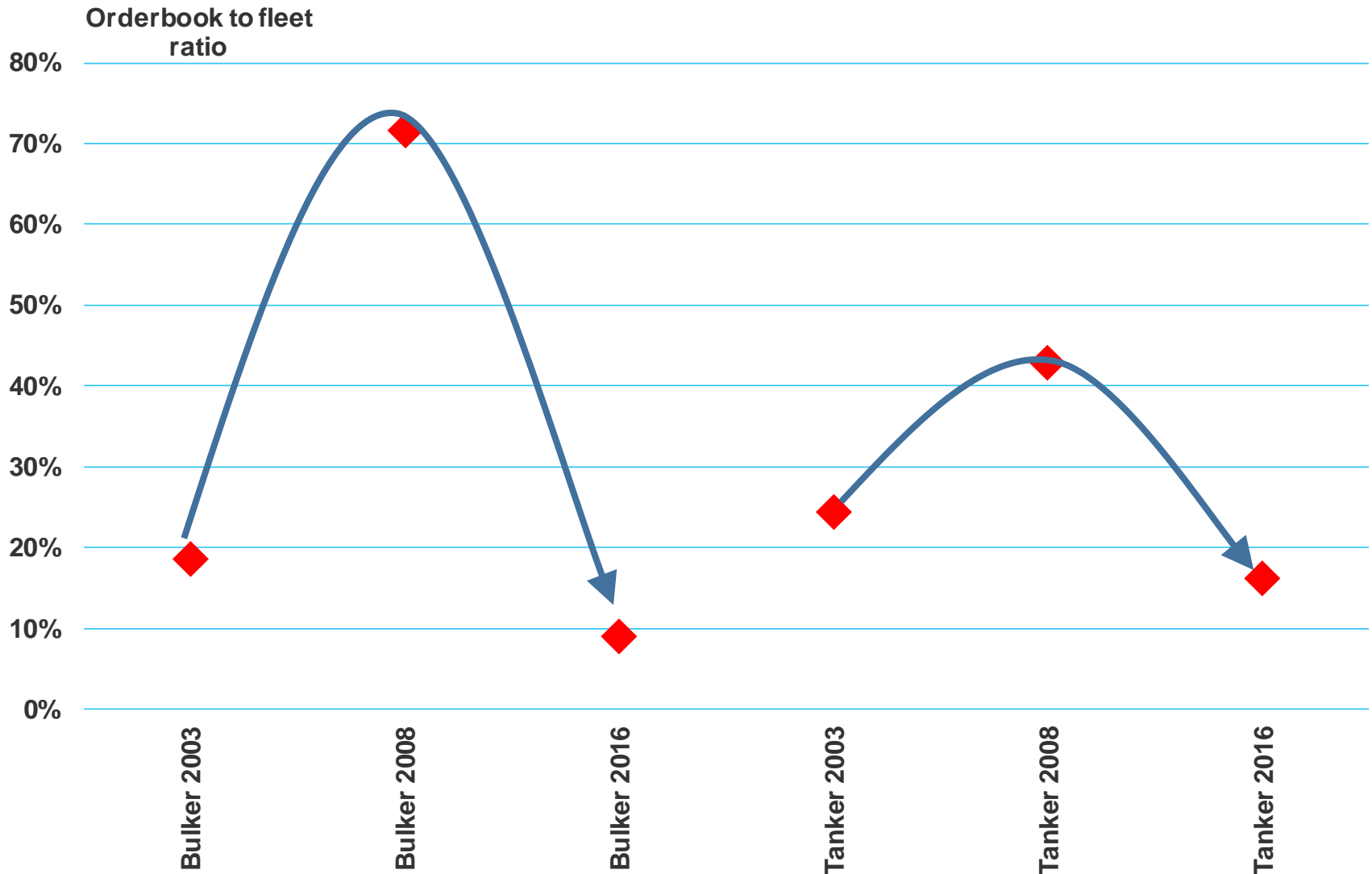


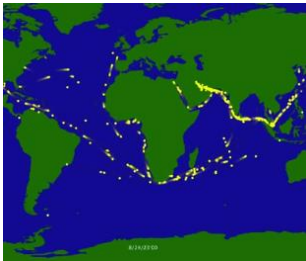
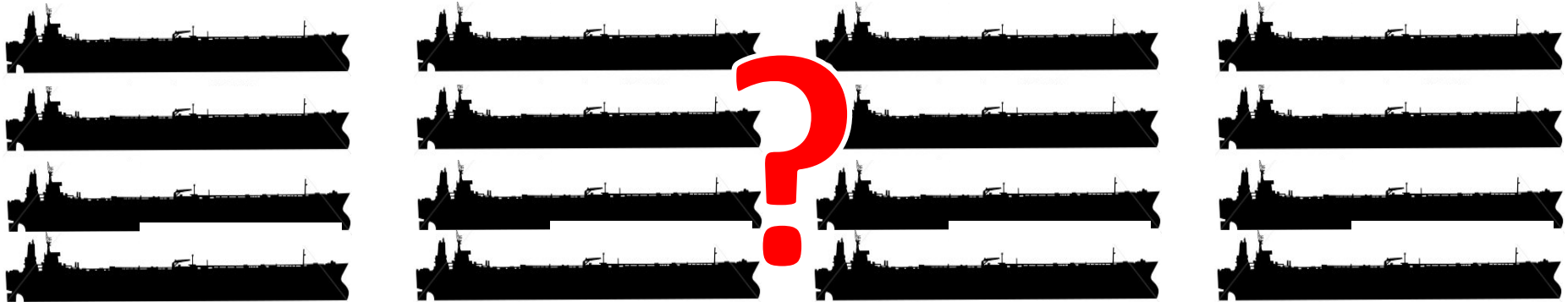


Outlook and opportunities

Supply







Routes



Distance



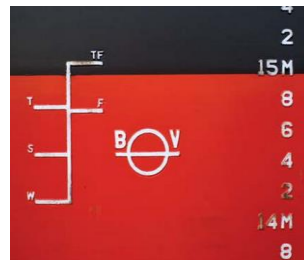
Speed



Waiting/Port Time

OCTOBER 2012						
MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SAUNDAY	SUNDAY
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

Operating Days



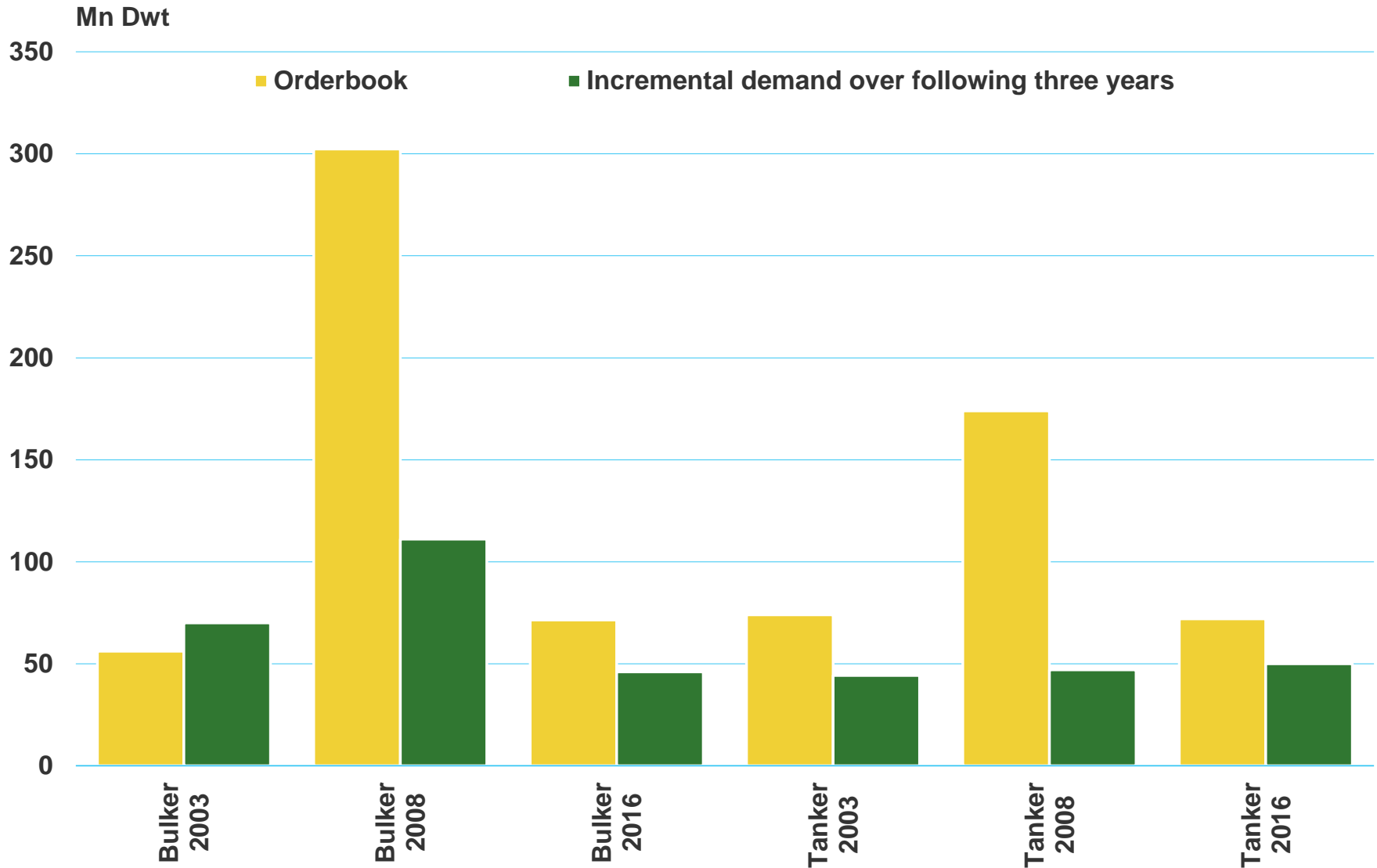
Ballast Ratio

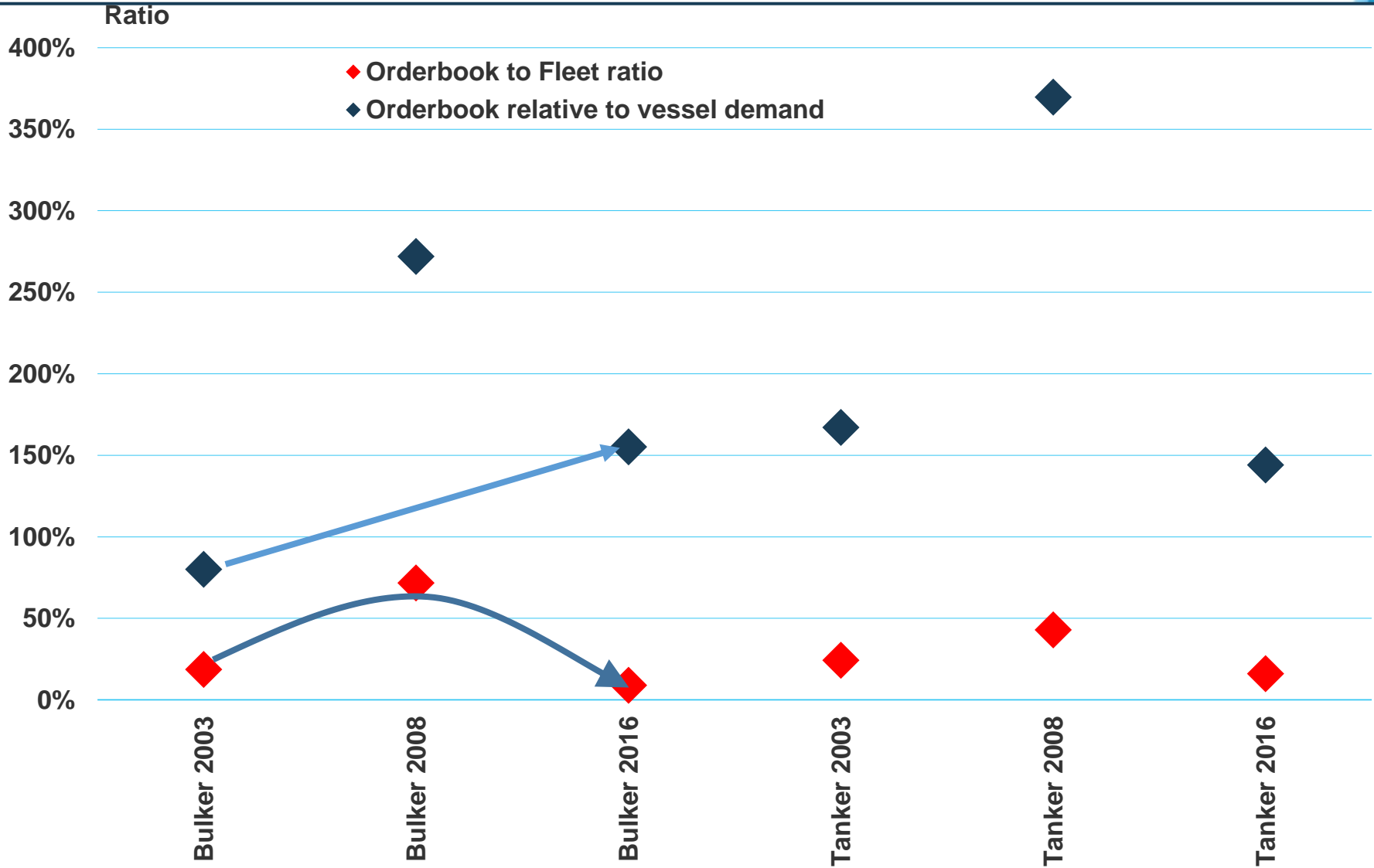


Carrying Capacity

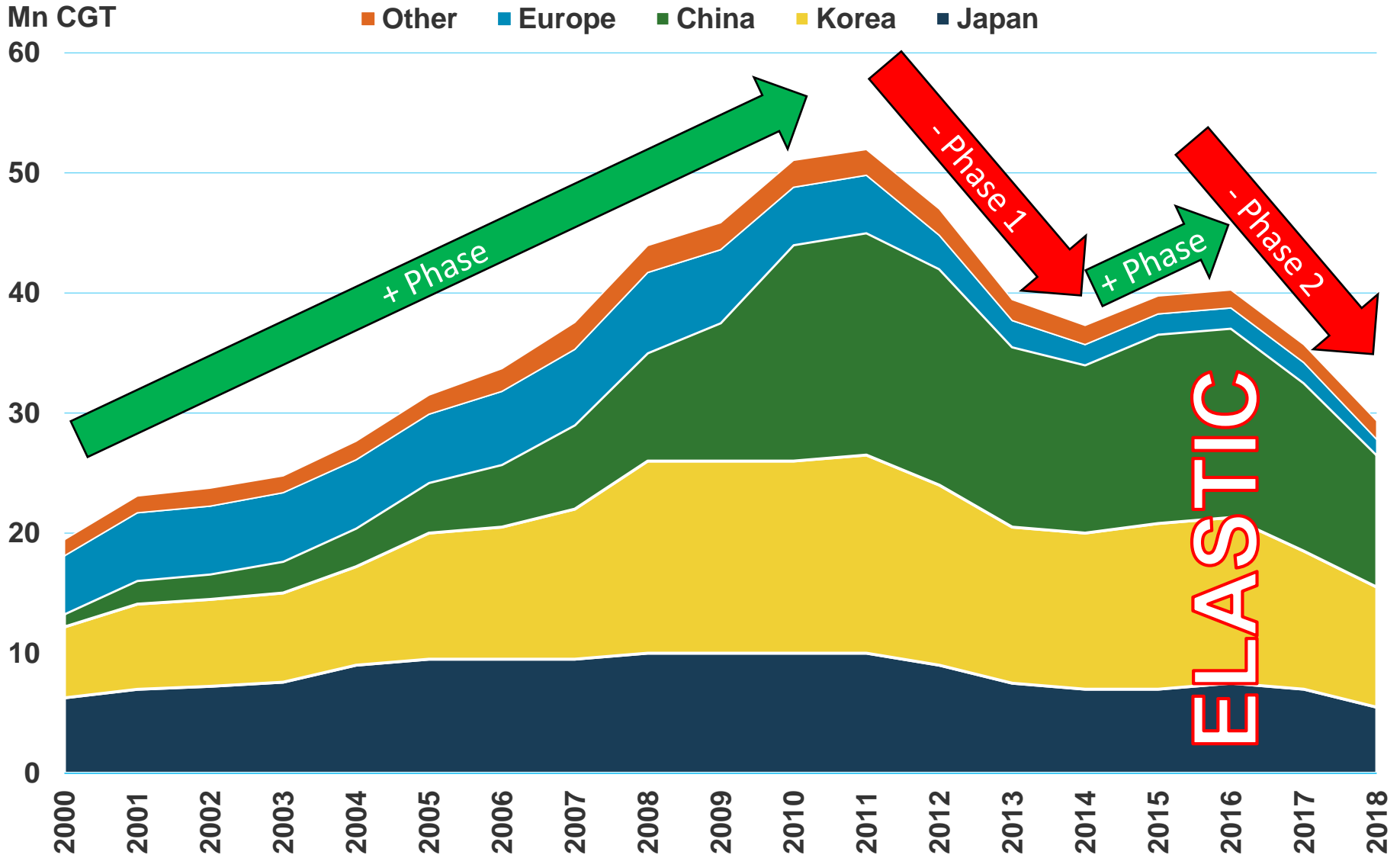


Size Changes





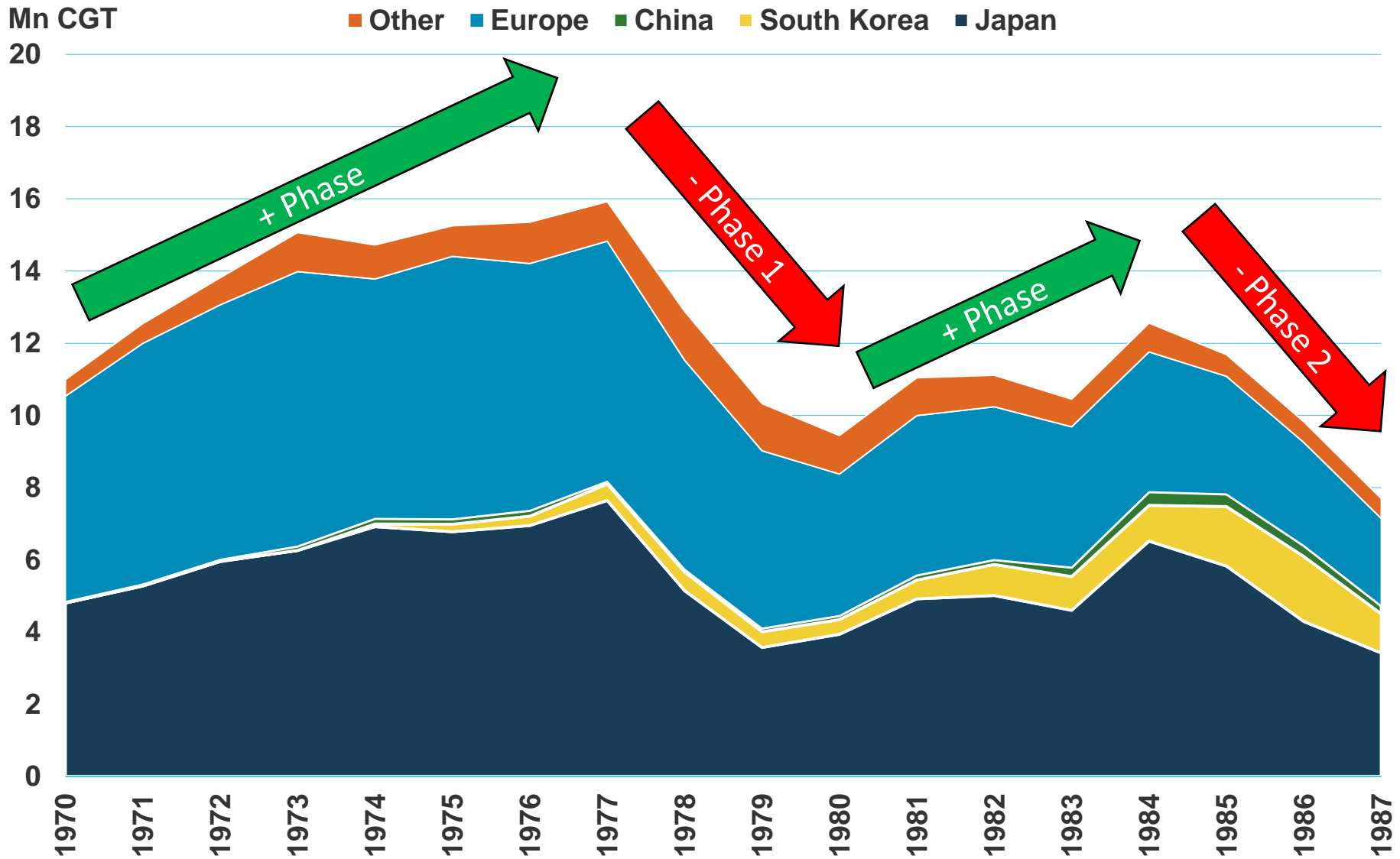
Shipyard Capacity Is a Worry



Yards Don't Just Disappear



Shipyard Capacity – Déjà Vu



Outlook and opportunities

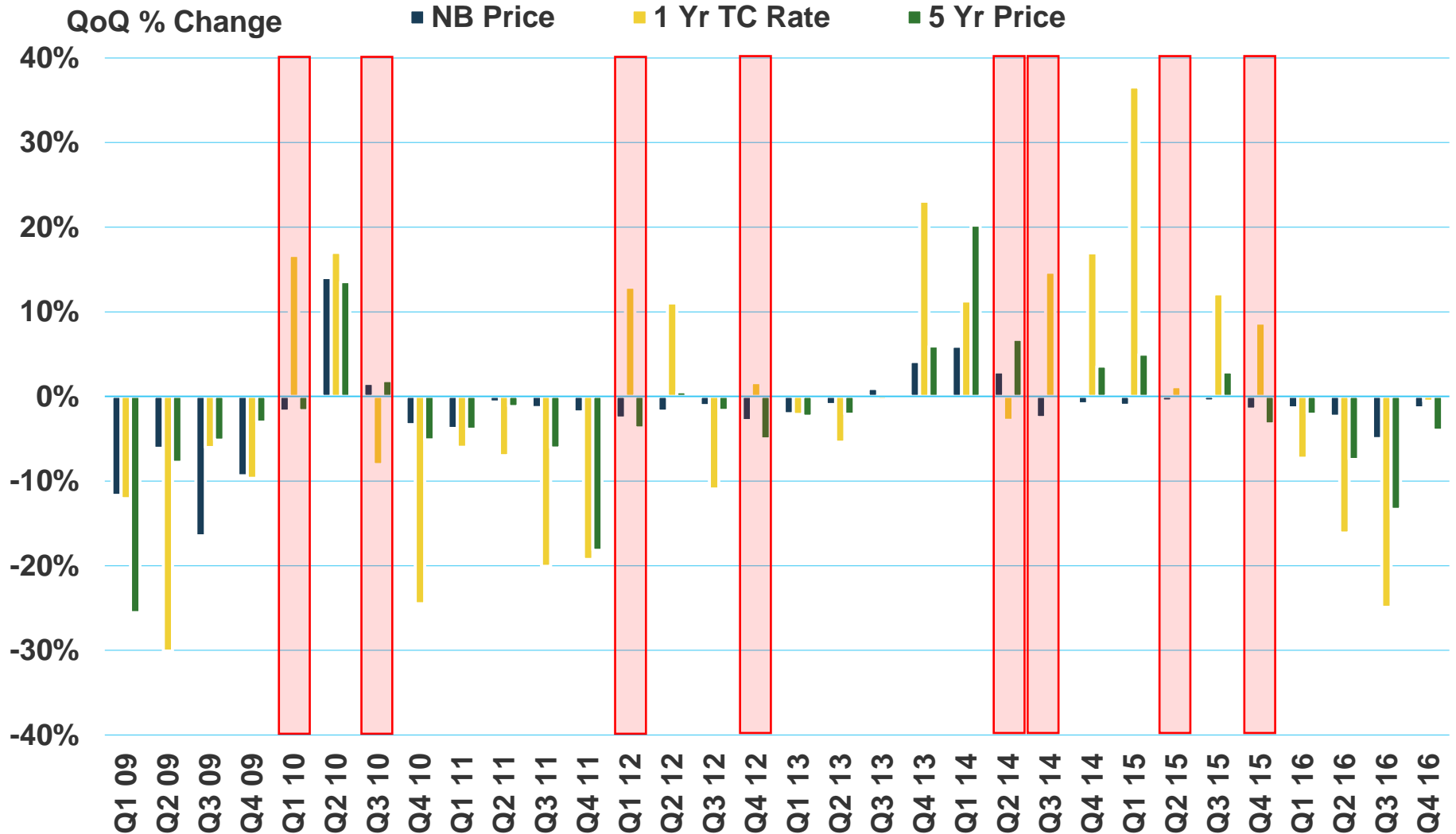
Price drivers



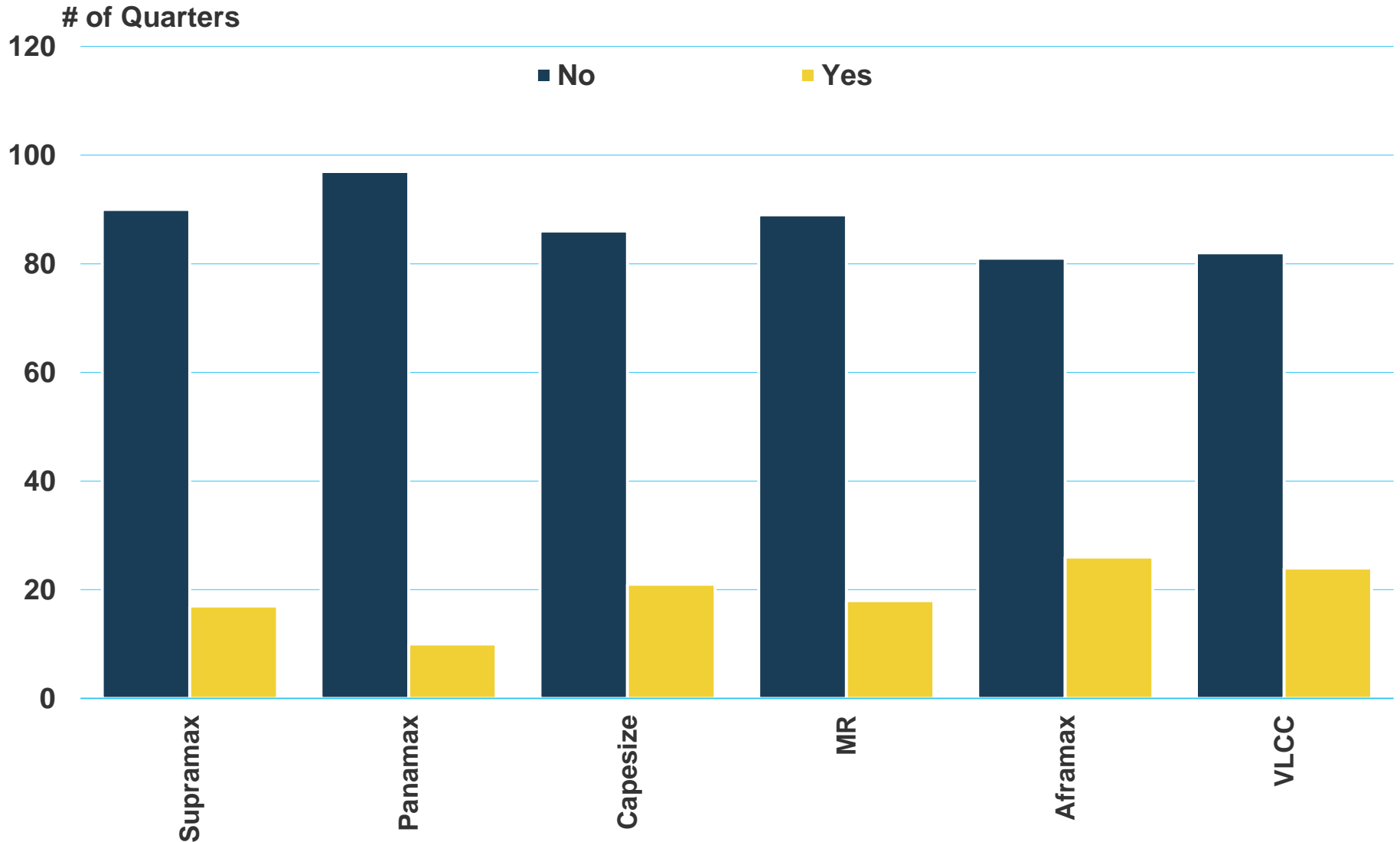
What drives asset price formation?

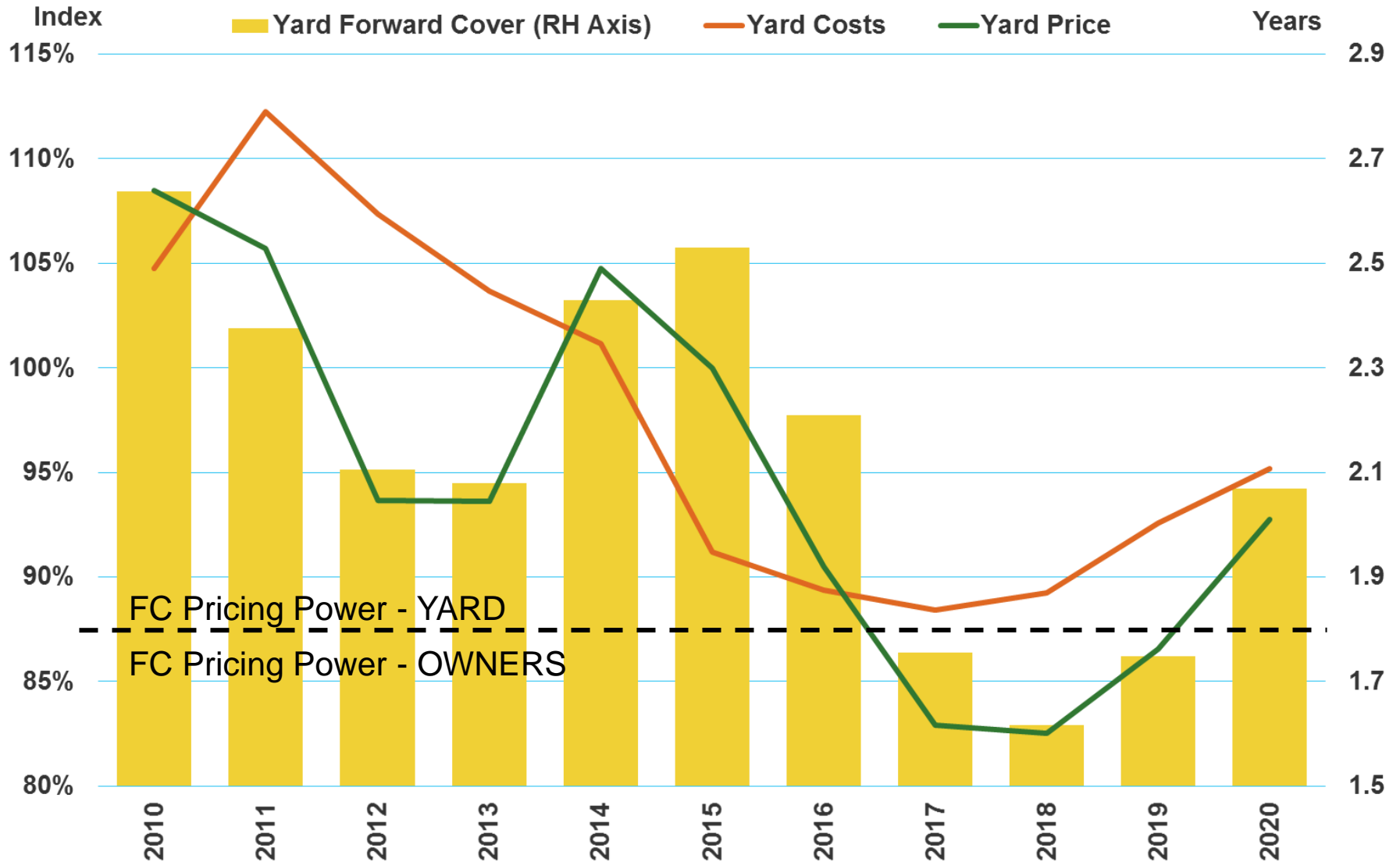


VLCC



Since 1990





FC = forward cover

Outlook and opportunities

Recovery?



- MSI Forecast Marine eValuator (FMV) is the first **web-based** tool to provide **forecast and historical price data** covering virtually all of the deepsea shipping fleet.
- Data includes **forecasts of newbuilding, second-hand prices, 1 year timecharter rates and operating costs** for specific vessels.
- MSI FMV draws on MSI's **proven, proprietary models** and a consistent cross-sectional view across all principal shipping sectors. It puts asset values in the context of the near term market to enable reliable benchmarking with outputs based on annual averages.

- Coverage:



Crude Oil Tanker



Chemical Tanker



Multi Purpose



Product Oil Tanker



LPG Carrier



Containership



Dry Bulk Carrier



LNG Carrier



PCC/PCTC



AHTS

www.msild.com/fmv



PSV

Vessel Details

Vessel Name: MM Singapore 2016 Yard Tier: Tier 1
 Sector: Dry Bulk Carrier Gear: G geared
 Size (Dwt): 56000 Hatch: Standard Bulker
 Year of Build: 2008 Hull: Single
 Ice Class: None Efficiency: 0
 Country of Build: Japan

Forecast Details

Downloaded: 14 Sep 2016
 MSI Base Case: 163.1
 Downloaded By: Adam Kent
 Downloaded For: Maritime Strategies International Ltd.

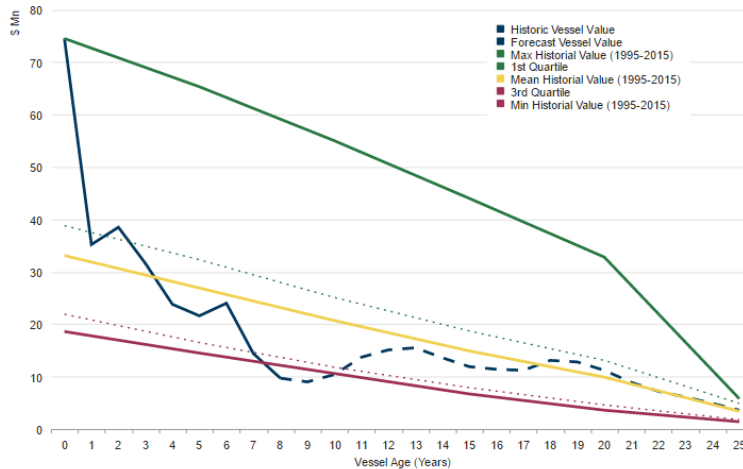
Quarterly average timeseries

	2016 Q2	2016 Q3	2016 Q4	2017 Q1
Fair Market Value (\$ Mn)	9.1	10.5	10.8	8.3
1 Yr T/C (\$ k/day)	6.0	5.9	6.1	5.6

Annual average timeseries

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Newbuilding Contract Price (\$ Mn)	31.5	26.5	26.4	29.6	26.5	23.0	21.2	21.1	24.3	26.6	28.3	27.1
Age (years)	3	4	5	6	7	8	9	10	11	12	13	14
Fair Market Value (\$ Mn)	31.6	23.8	21.6	24.0	14.4	9.7	9.0	10.4	13.7	15.1	15.5	11.1
1 Yr T/C (\$ k/day)	13.8	9.8	9.4	10.5	8.1	5.8	6.0	7.4	9.5	10.8	11.5	10.1
Operating Costs (\$ k/day)	5.2	5.1	5.2	5.3	5.3	5.2	5.2	5.4	5.5	5.7	5.9	6.0

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www.msilt.com/fmv

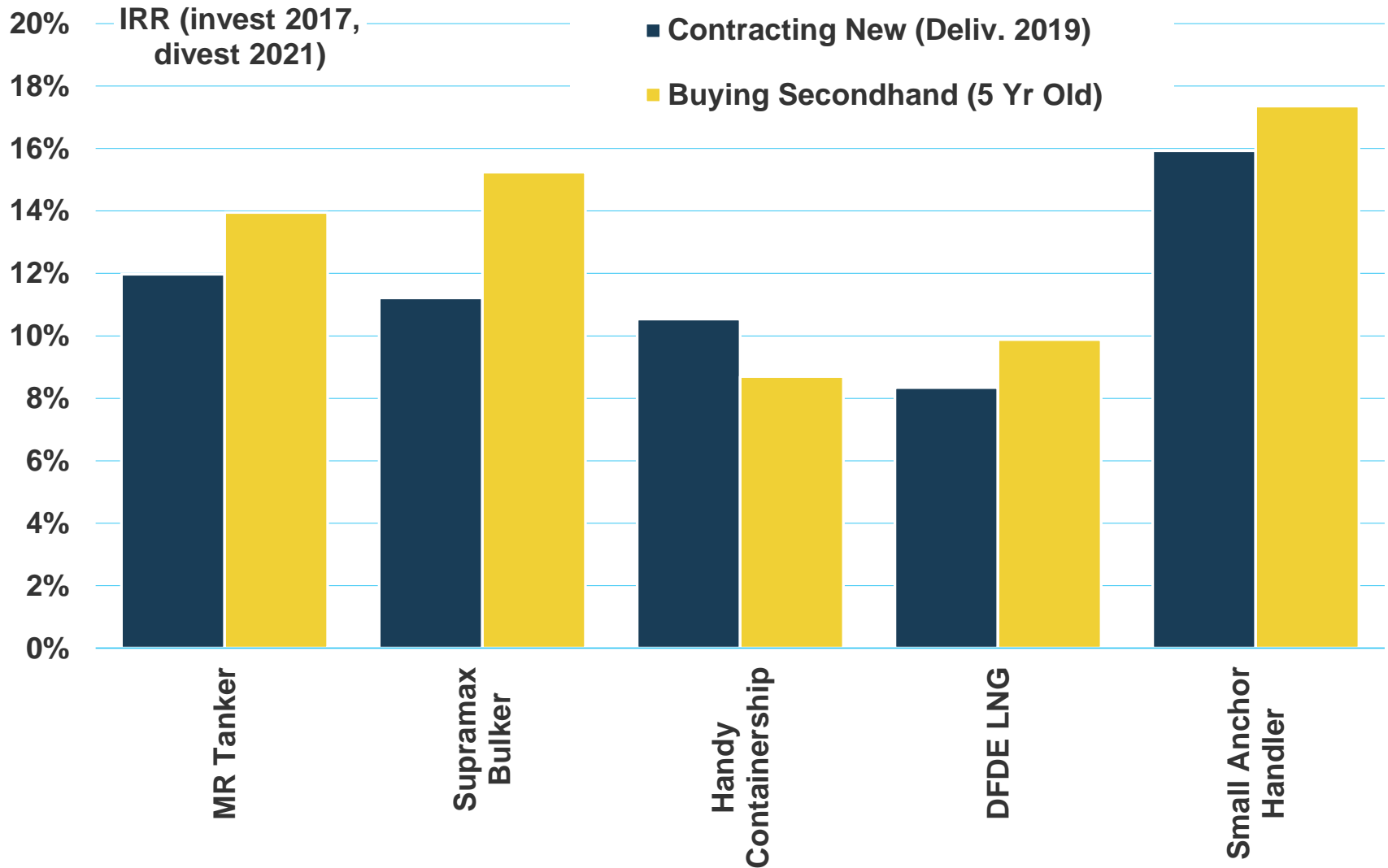
Quarterly Fair Market Value & 1 Year Time Charter Rate (1Q history, current Q, 2Q forecast)

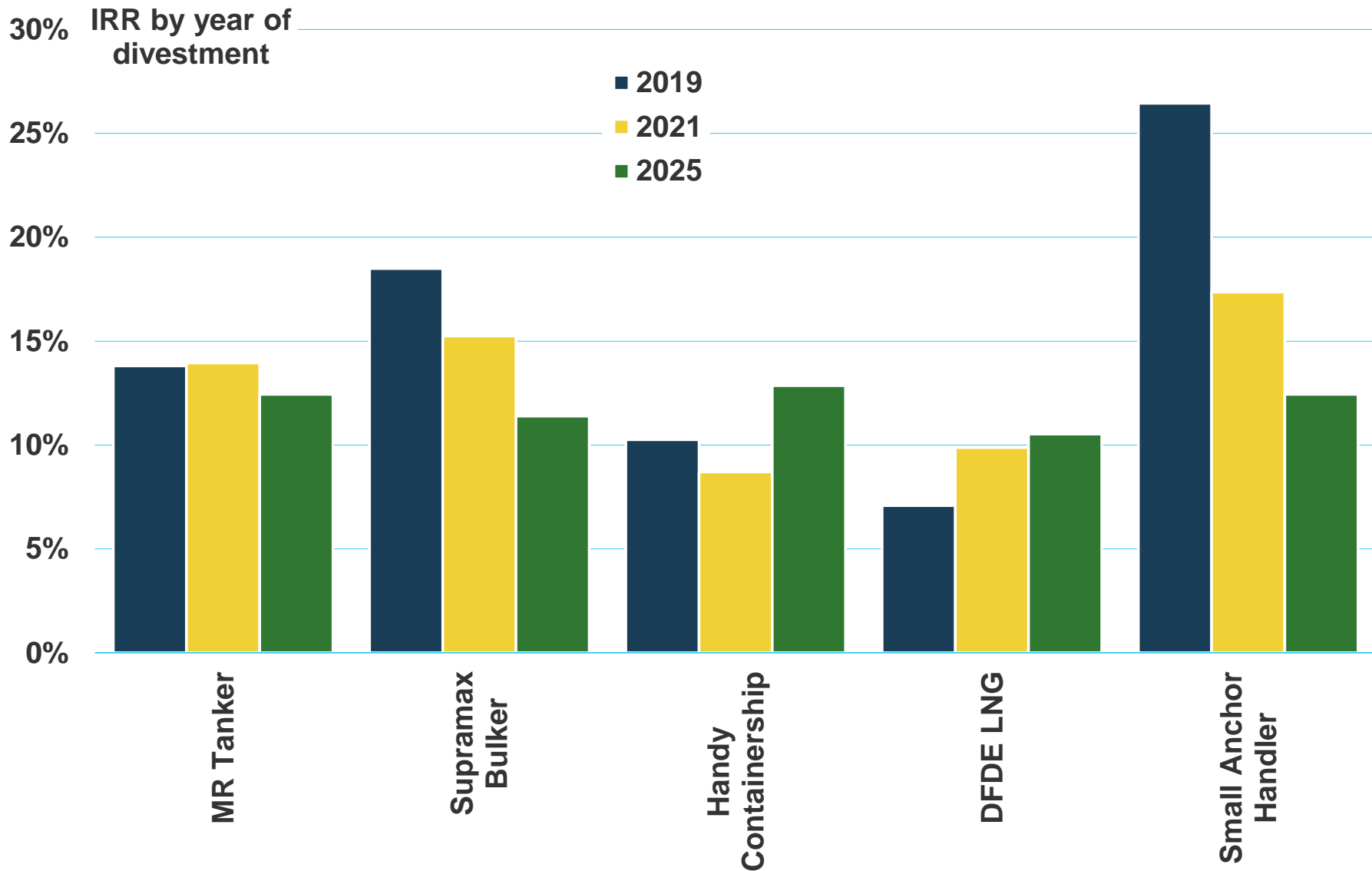
Annual average:

- Newbuilding contract price
- Fair Market Value
- 1 Year Time Charter Rate
- Operating Cost

5 years history and 15 years forecast

Price Development Chart detailing forecast price development in relation to historical metrics







Thank you for listening

For over 30 years, MSI has developed integrated relationships with a diverse client base of financial institutions, ship owners, shipyards, brokers, investors, insurers and equipment and service providers.

MSI's expertise covers a broad range of shipping sectors, providing clients with a combination of sector reports, forecasting models, vessel valuations and bespoke consultancy services.

MSI is staffed by economists and scientists offering a structured quantitative perspective to shipping analysis combined with a wide range of industry experience.

MSI balances analytical power with service flexibility, offering a comprehensive support structure and a sound foundation on which to build investment strategies and monitor/assess exposure to market risks.

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