

Capital Link, Athens

Shipping markets - Sector review, analysis & outlook

20 February 2020

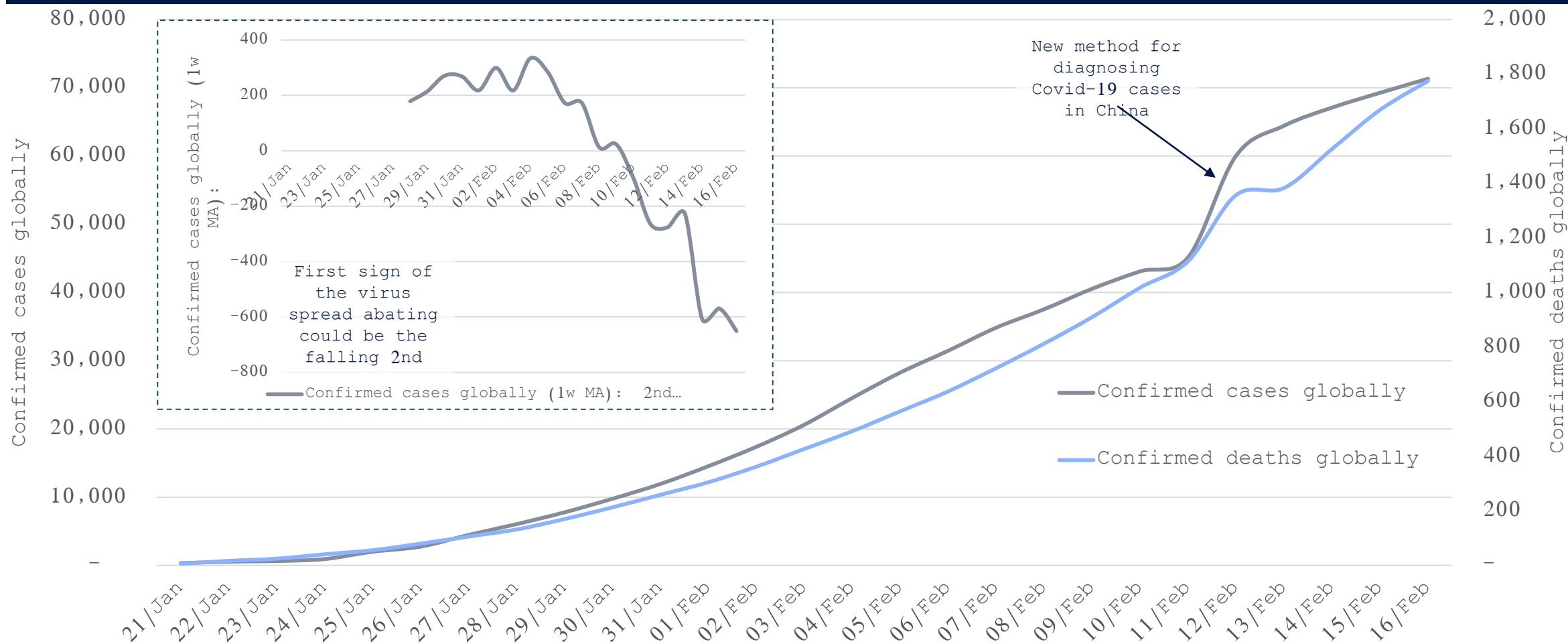


Joakim Hannisdahl
Head of Research

Coronavirus (Covid-19)

Significant impact on shipping - Most likely a temporary effect

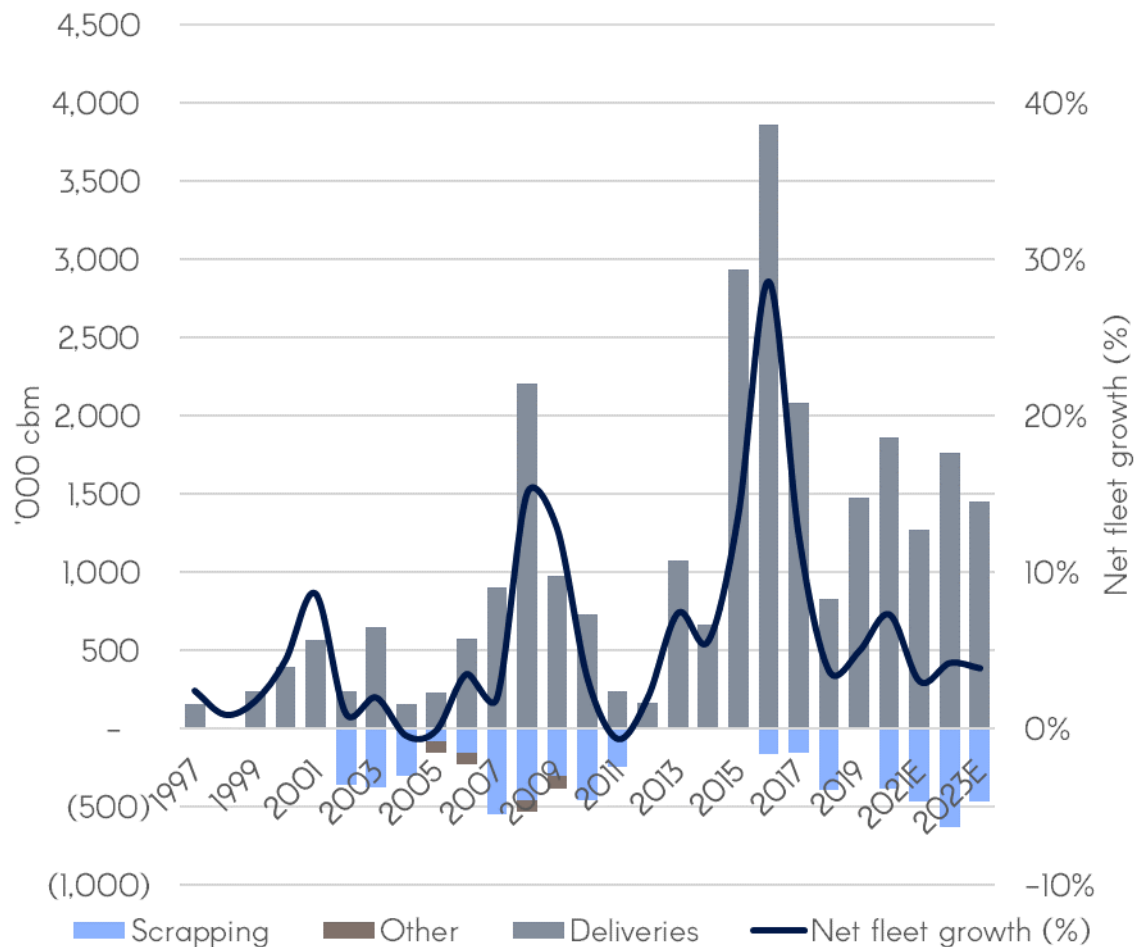
Coronavirus: Confirmed cases & deaths (globally)



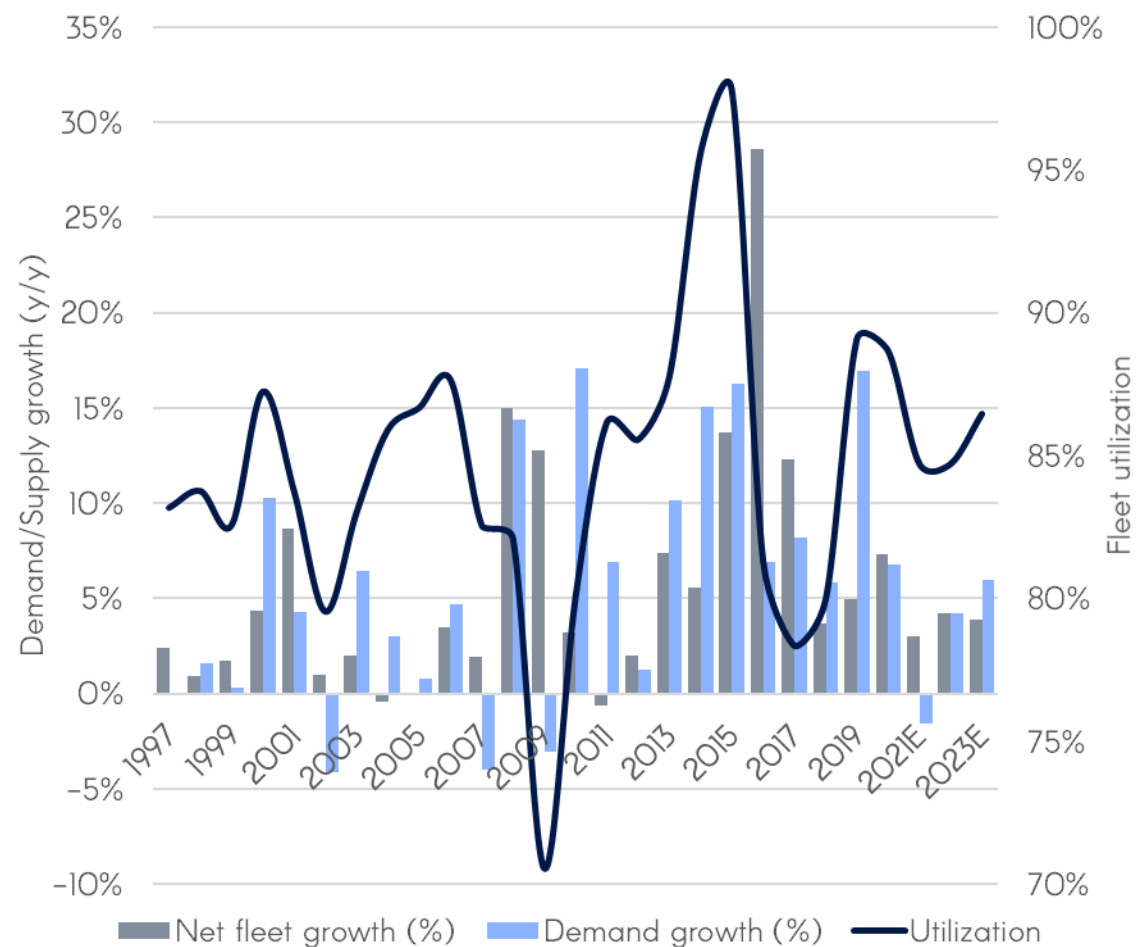
LPG Shipping (VLGCs)

Supply growth outpacing demand growth in 2021E, with balanced growth thereafter

VLGC supply dynamics



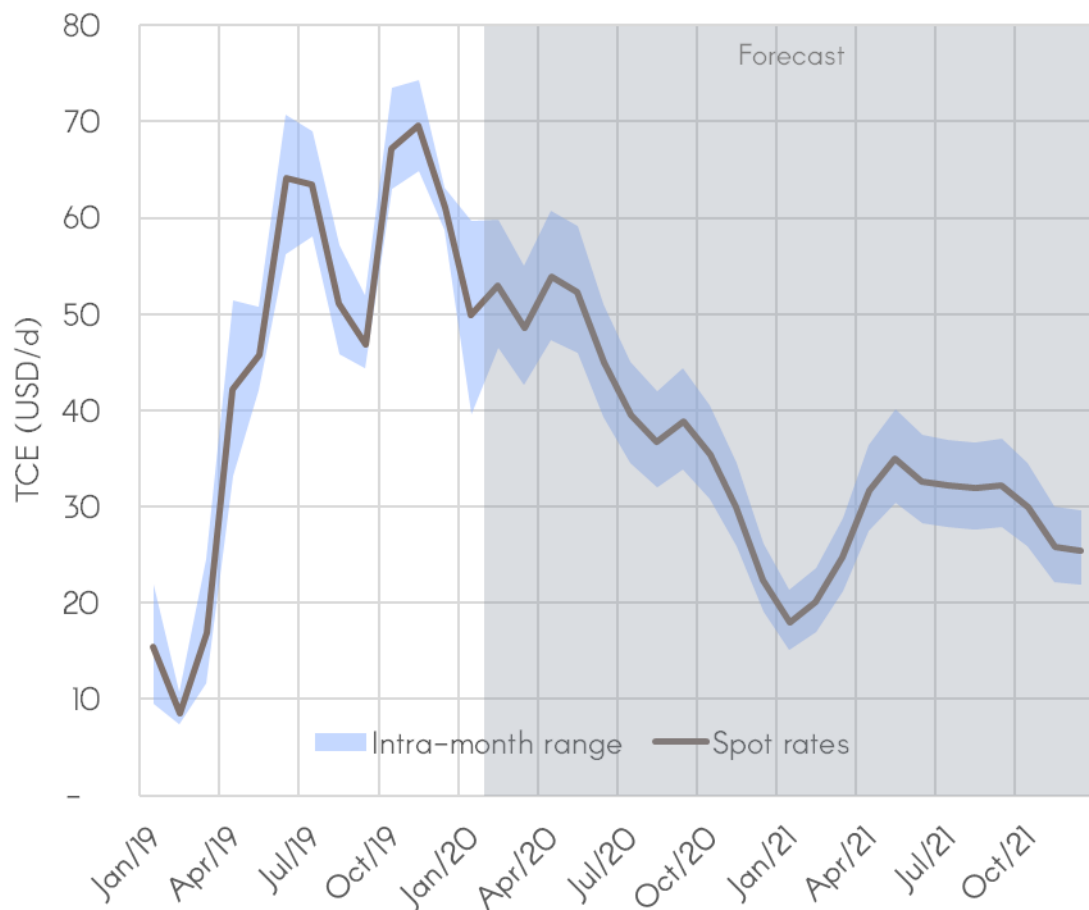
VLGC supply, demand & fleet utilization



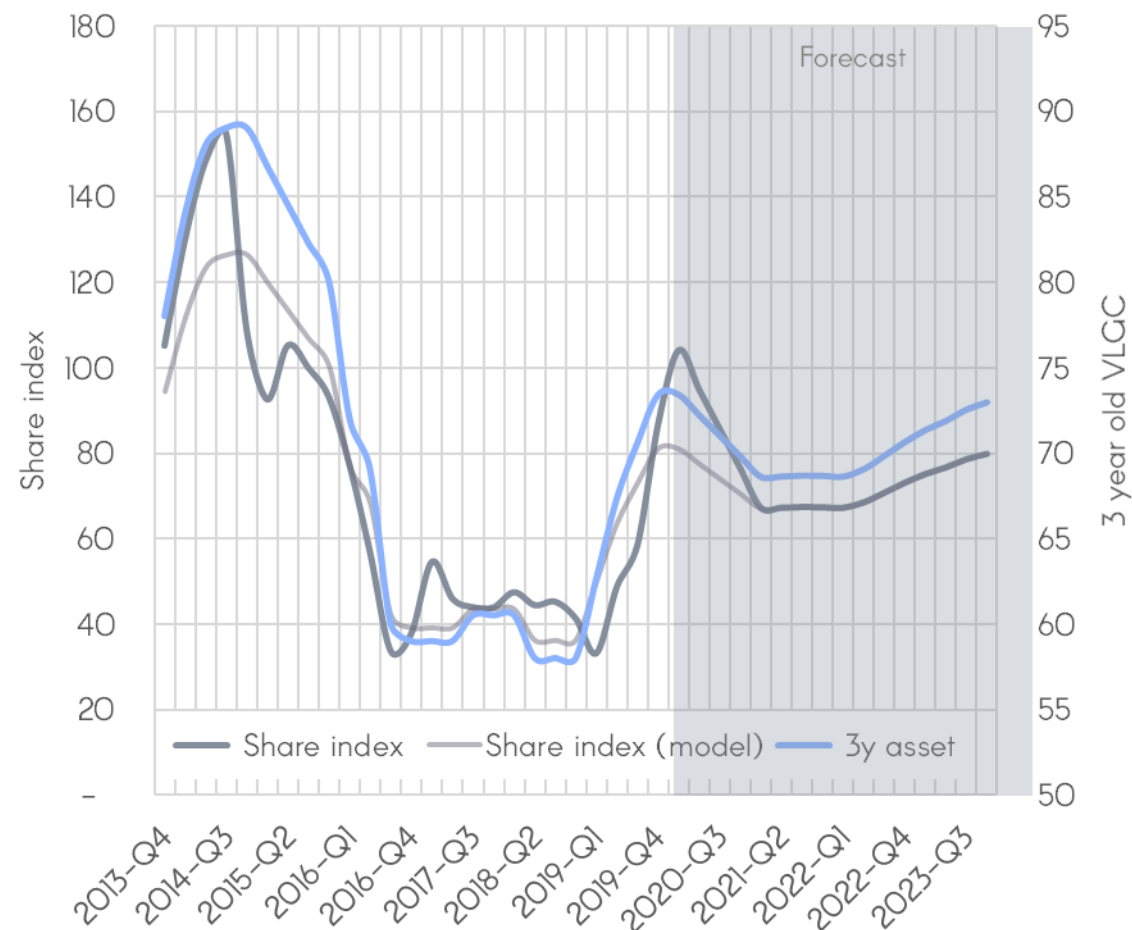
LPG Shipping (VLGCs)

The cyclical peak could already be behind us, with the next trough in 2021/22E

VLGC spot rates (monthly)



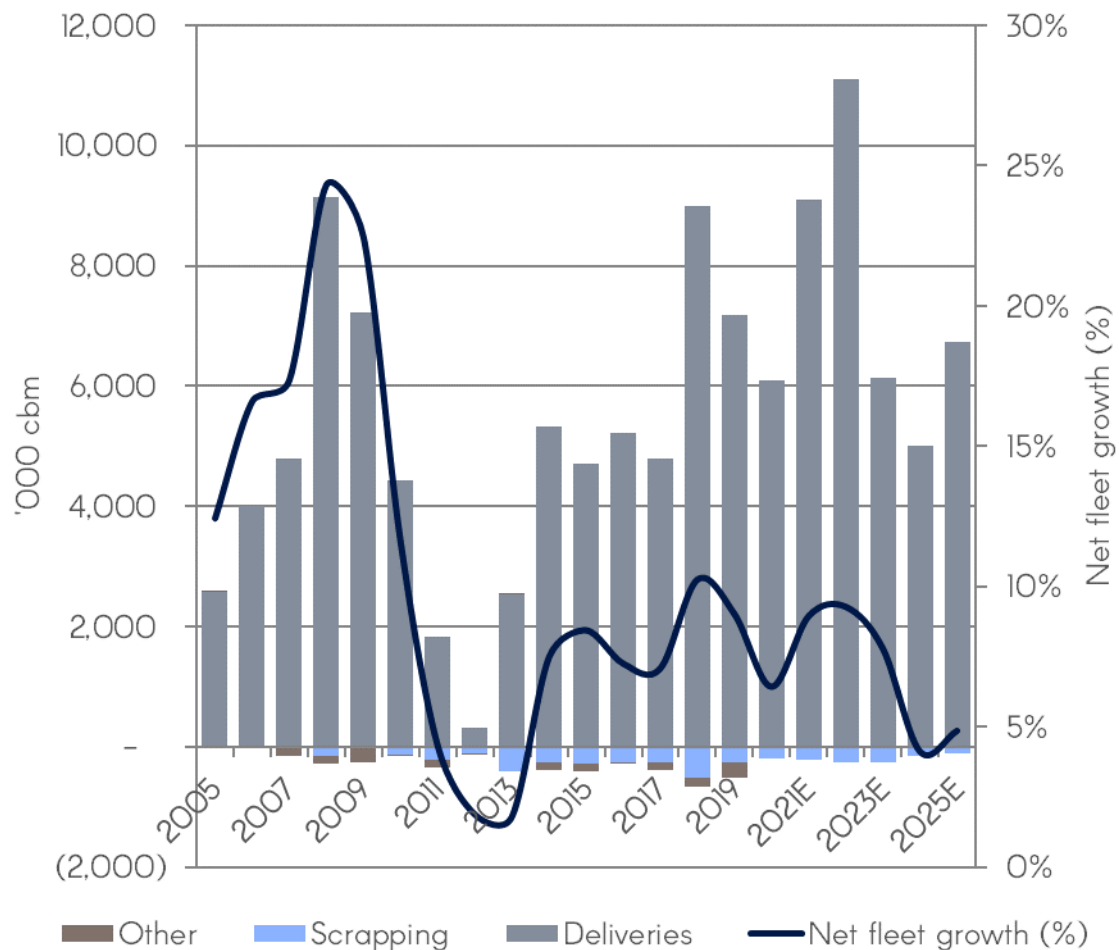
VLGC share index vs 3y old VLGC ($R^2=0.86$)



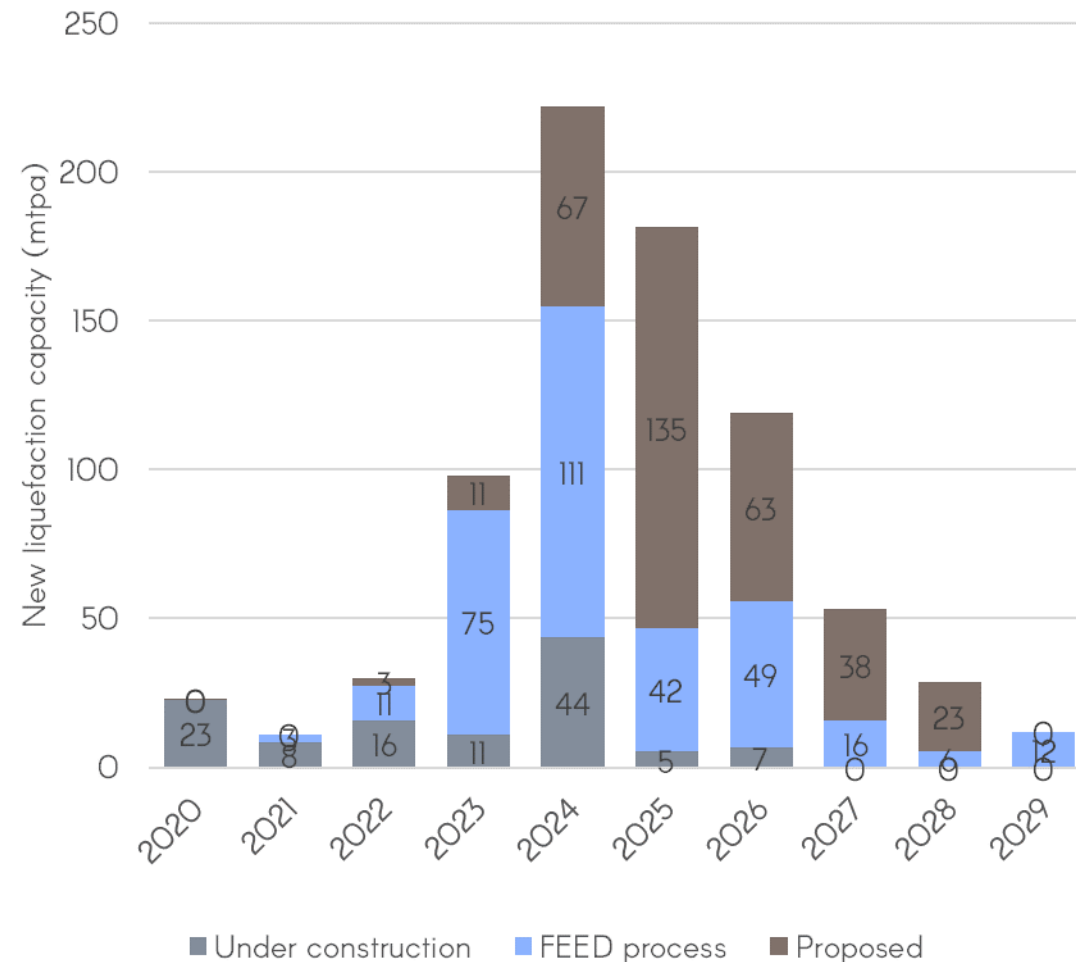
LNG Shipping

Fleet growth to significantly outpace demand growth in 2021-22E, before the dynamics could be reversed thereafter

LNG Carrier supply dynamics



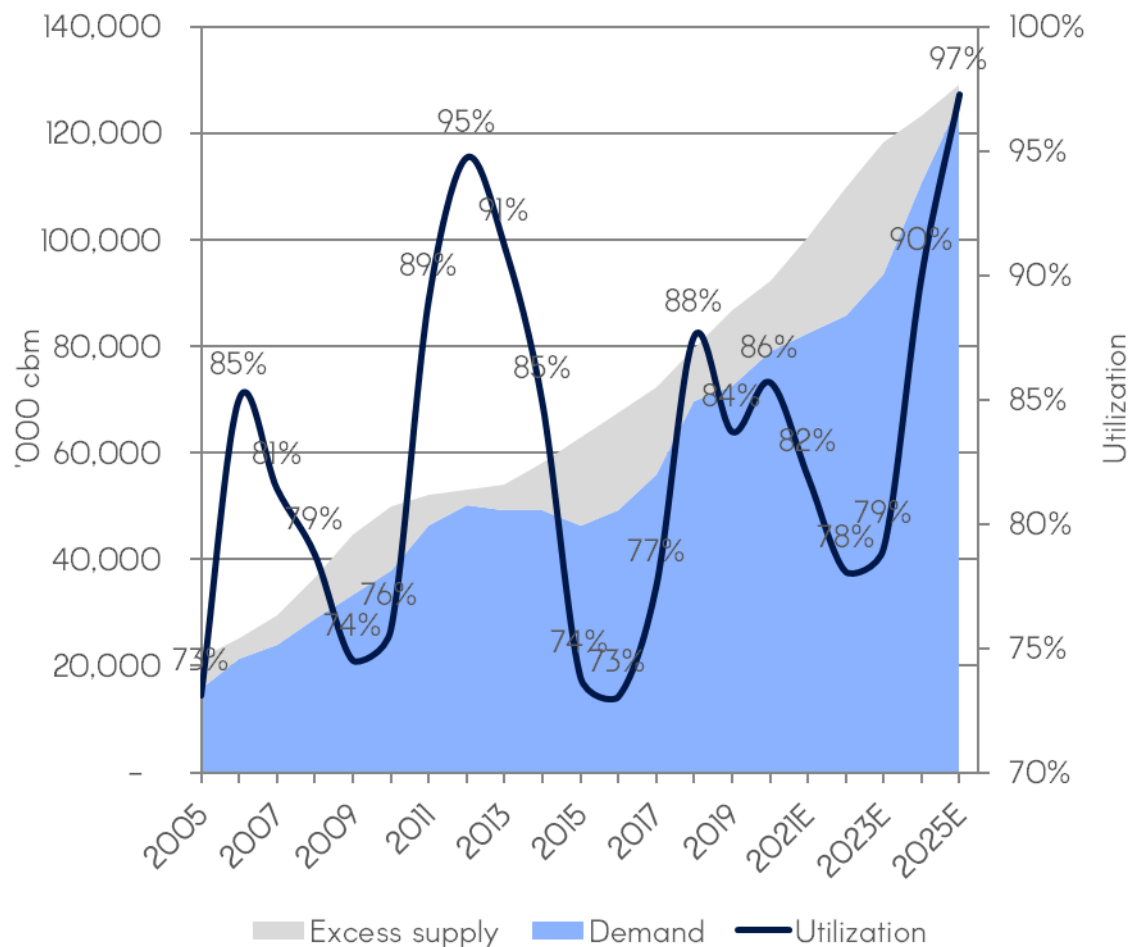
New liquefaction projects



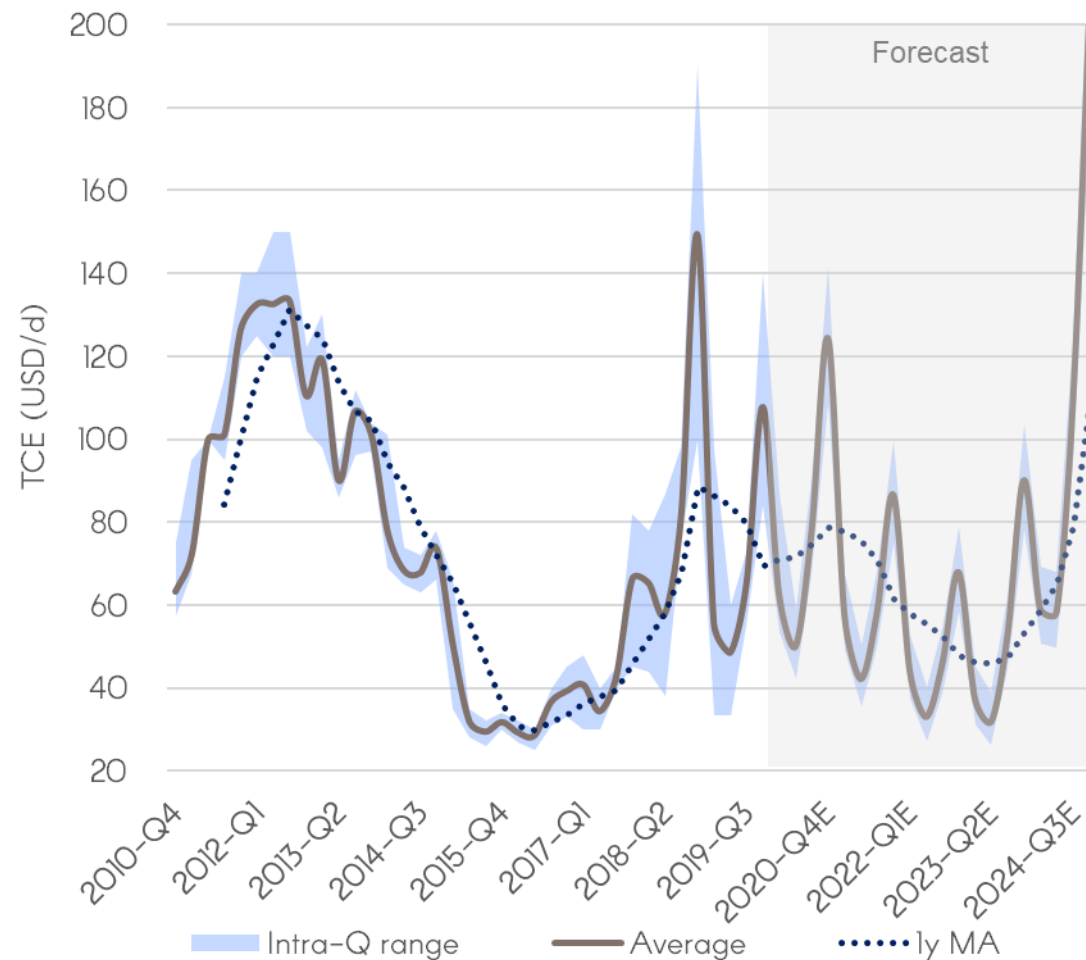
LNG Shipping

Headwinds ahead, but the long-term outlook is very positive

LNG Carrier supply/demand dynamics



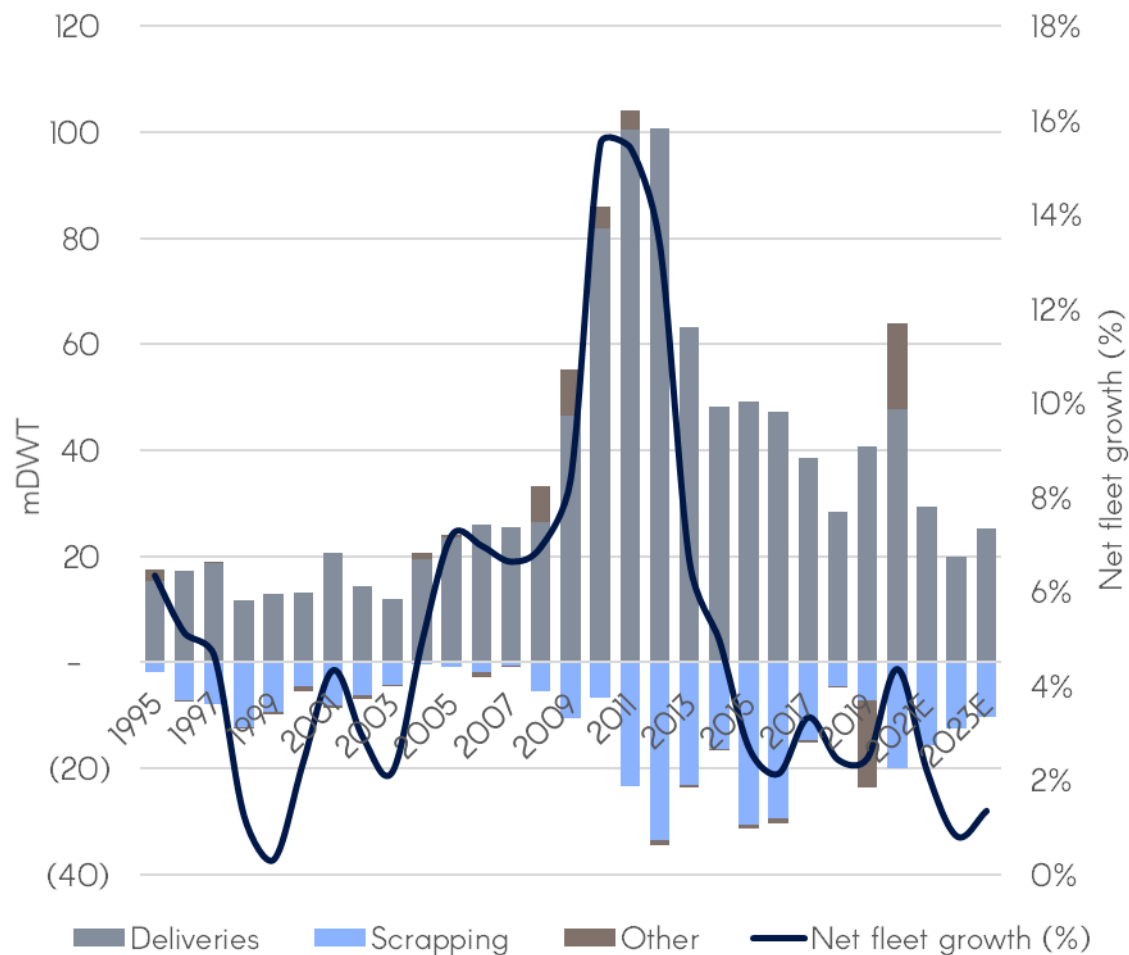
TFDE spot rates (quarterly)



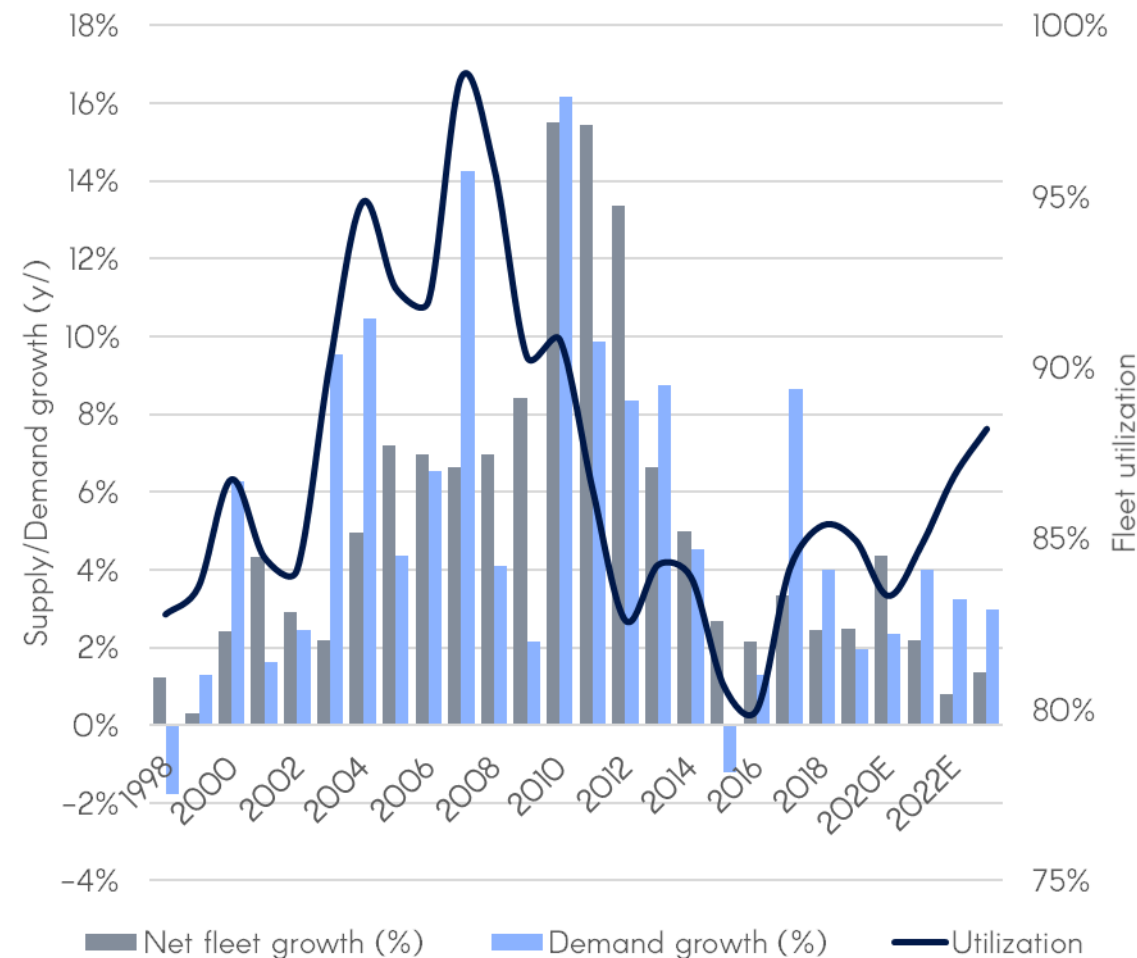
Dry Bulk Shipping

Low demand growth offset by even lower supply growth

Dry bulk supply dynamics



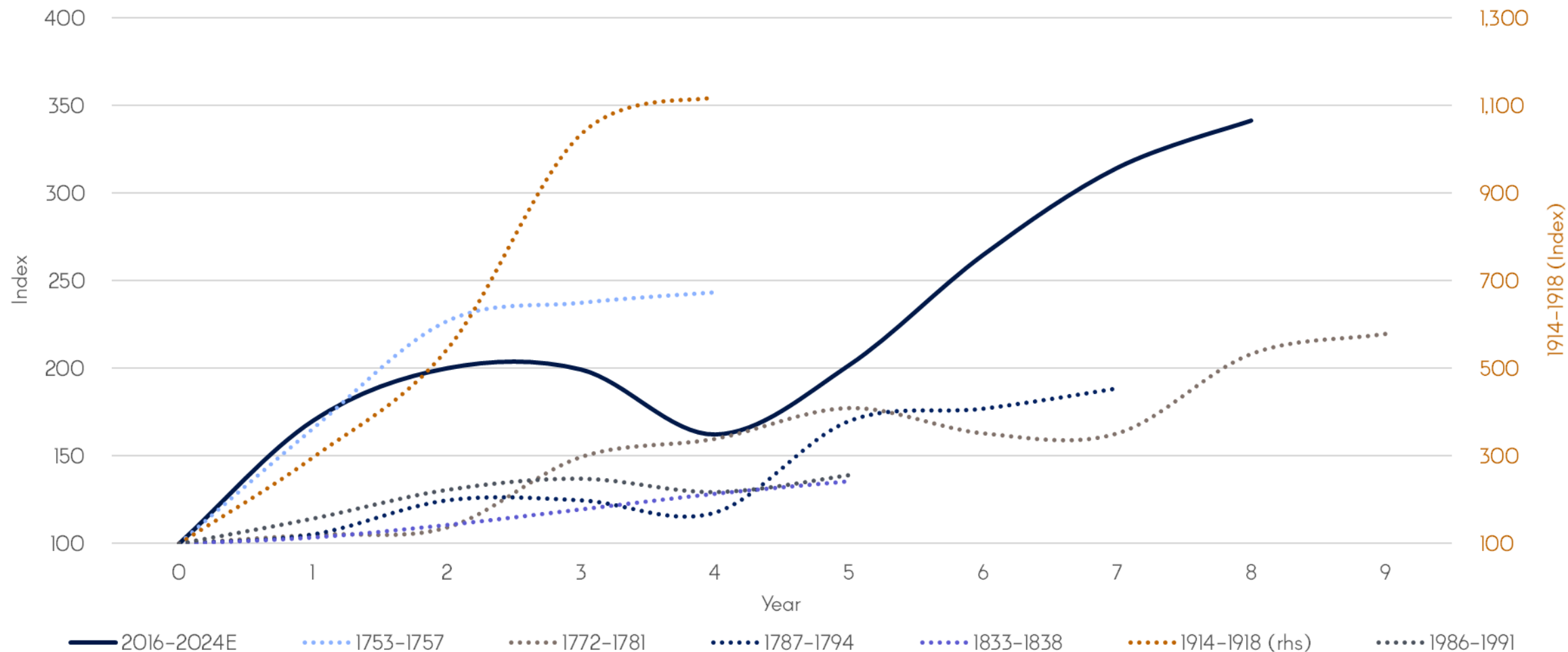
Dry bulk supply, demand & fleet utilization



Dry Bulk Shipping

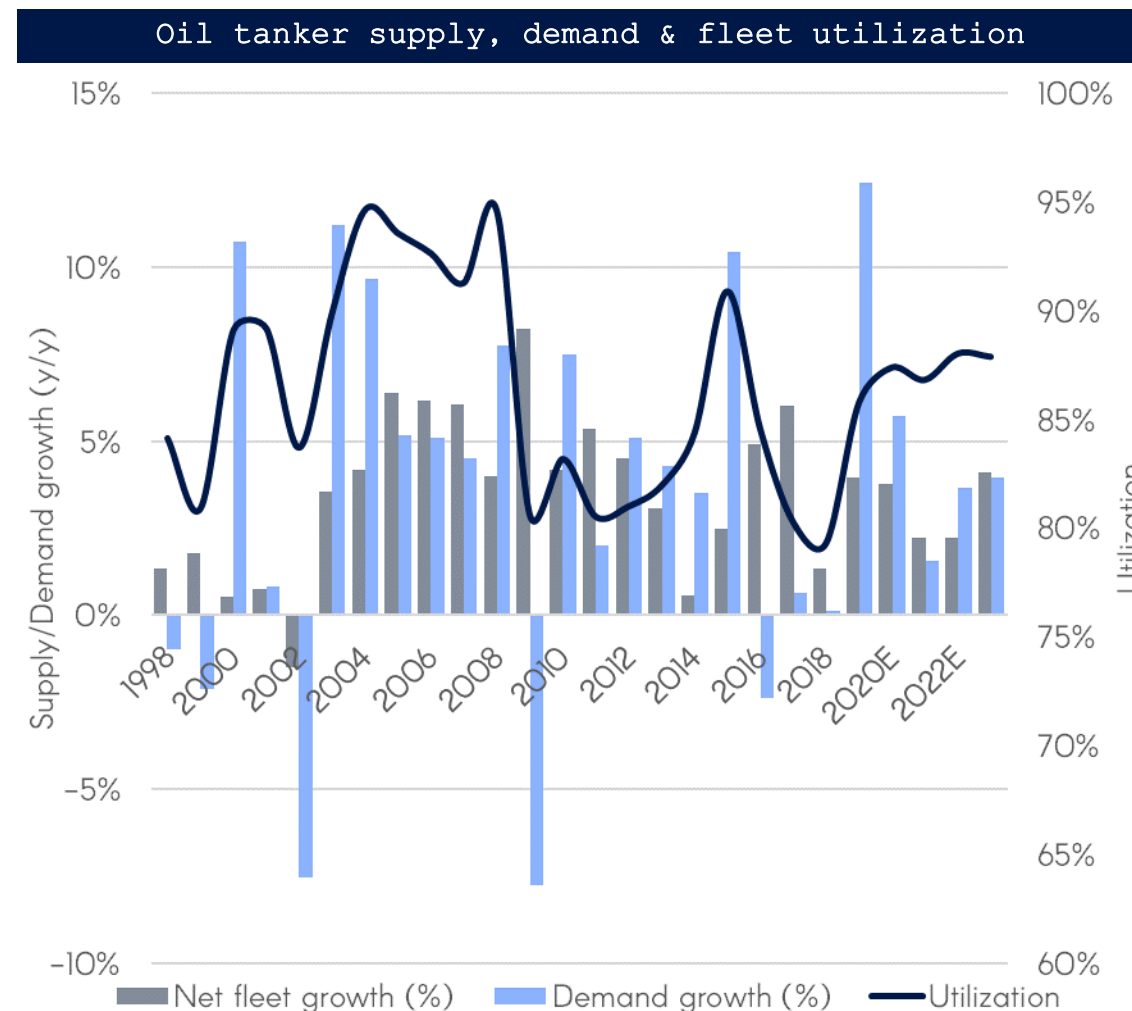
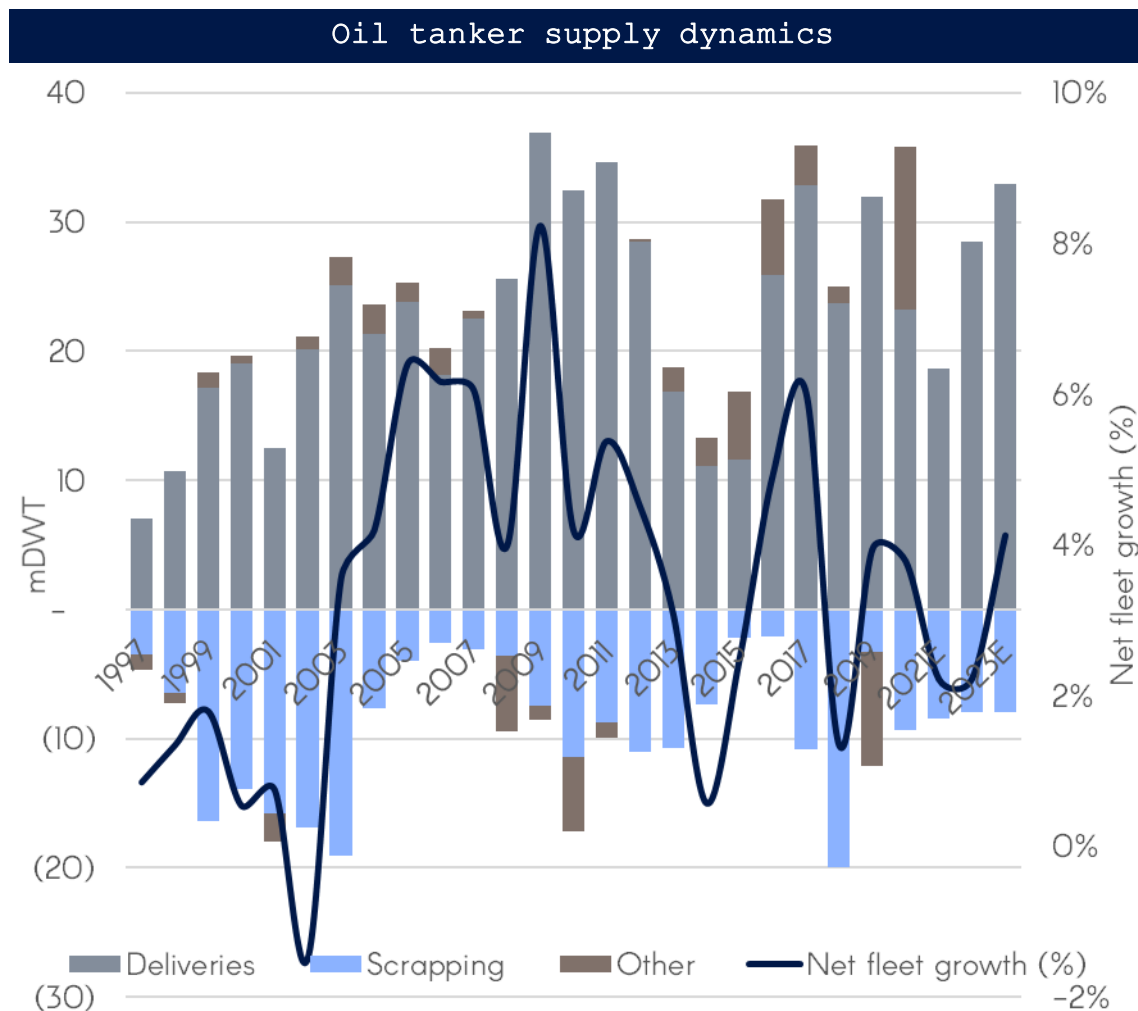
Ongoing cyclical expansion could be one of the longest on record

Longest dry bulk shipping cycles since 1741



Oil Tankers

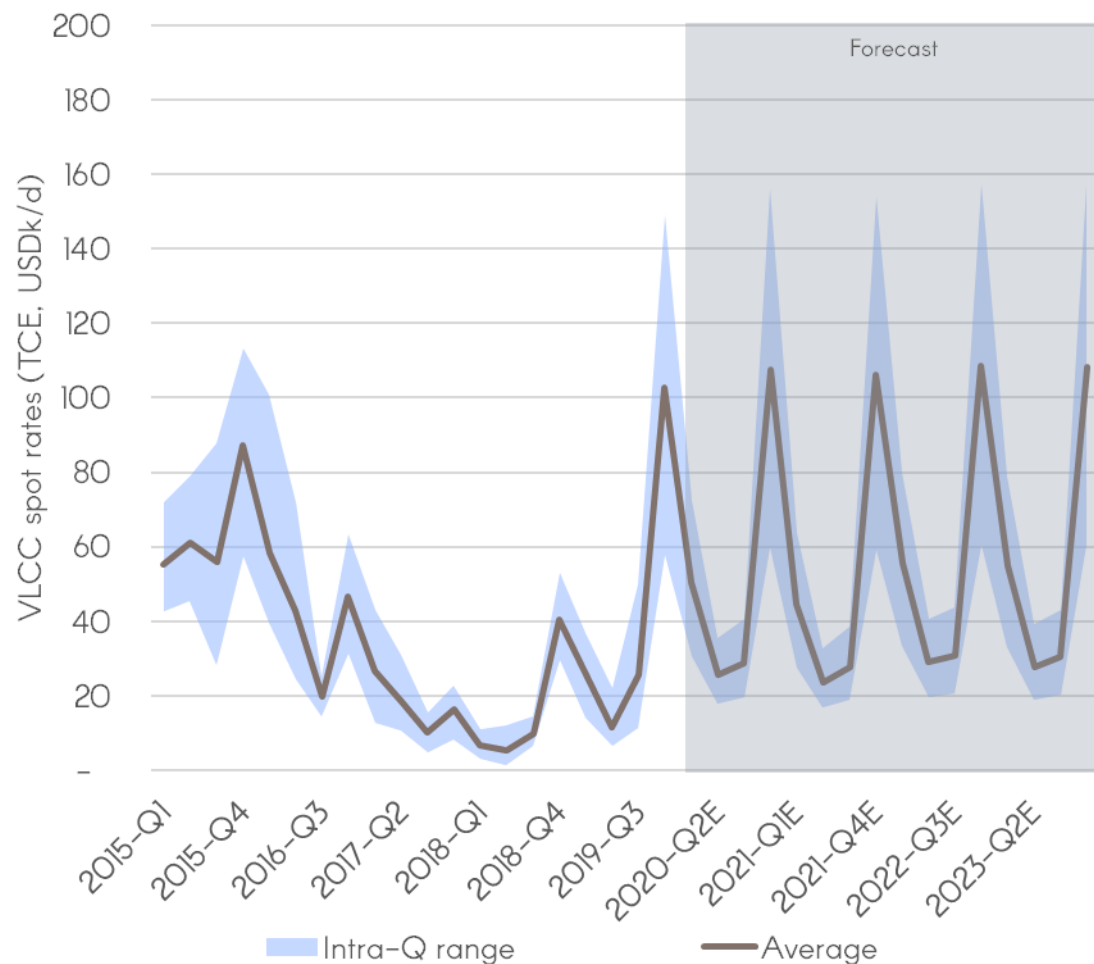
Lowest orderbook since 1997 against strong demand growth in 2019-20E



Oil Tankers

Earnings expected to stay strong, with further upside in asset and share prices

VLCC spot rates (quarterly)



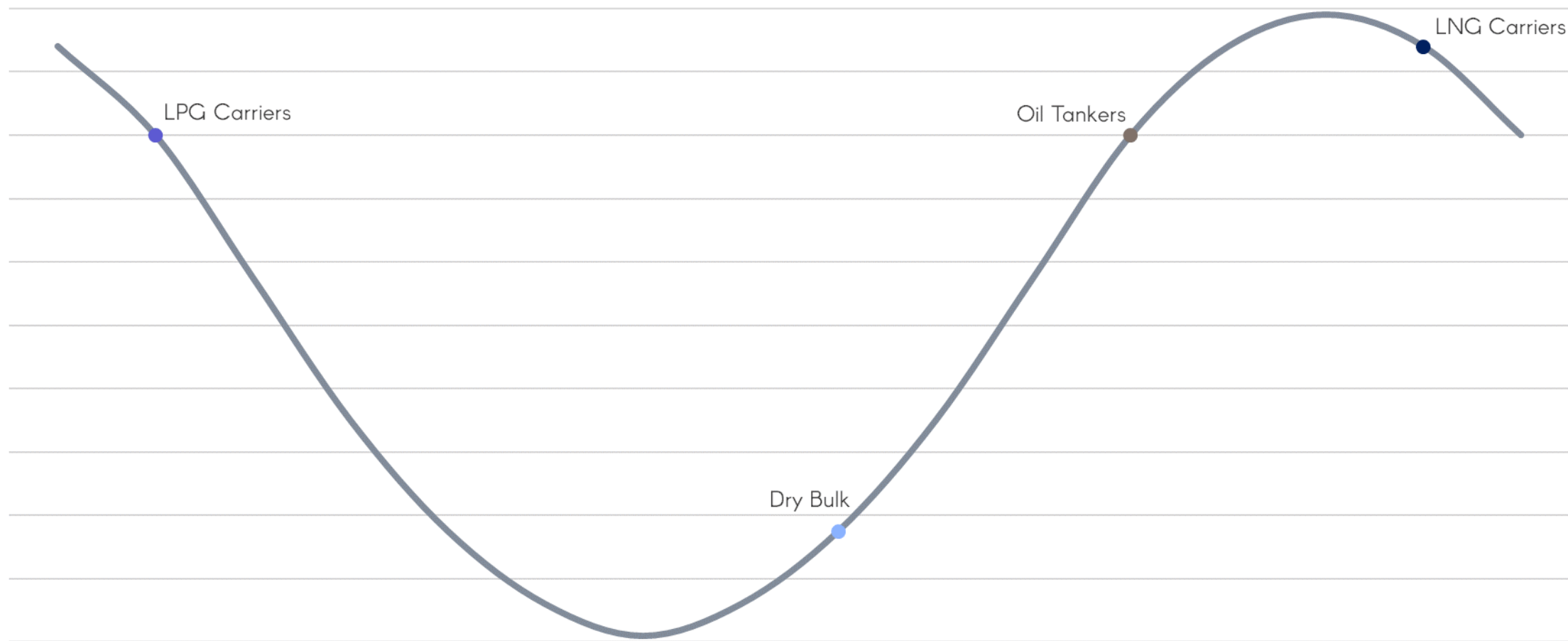
Oil Tanker share index vs 5y old VLCC ($R^2=0.90$)



Summing up Shipping

Headwinds for gas transportation while the outlook for dry bulk and oil tankers looks bright

The current cyclicality of the shipping segments (2020E)





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*Currently ranked #1 Shipping Equity Research globally by
Bloomberg*



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