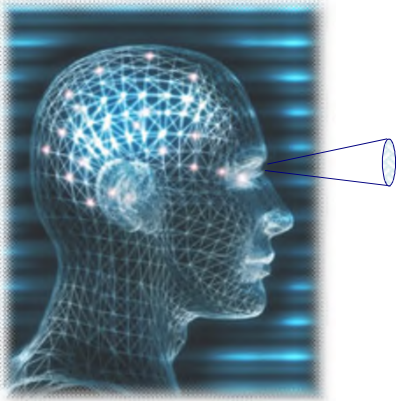


Prof Martin Stopford

President,
Clarkson Research

The
Tanker & Dry
Cargo
Outlook



Quo Vadis?

Mareforum, Rome

Grand Hotel Parco dei Principi, Rome

8th May 2013

Martin Stopford

The Agenda

1. Where are we now?

2. How do markets behave?

3. Where are we going?

4. Other key issues

5. How to win?



"Quo vadis?"

"Romam vado iterum crucifigi."

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1. Where Are We Now?

Half way through a marathon?....



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AND LOSERS

Who will win?....



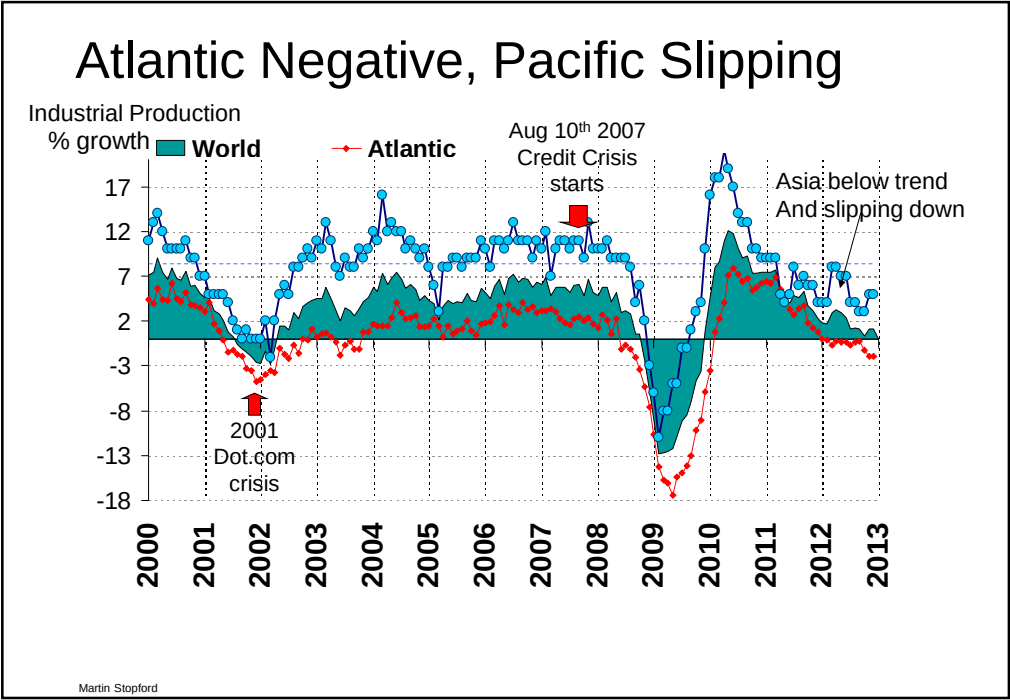
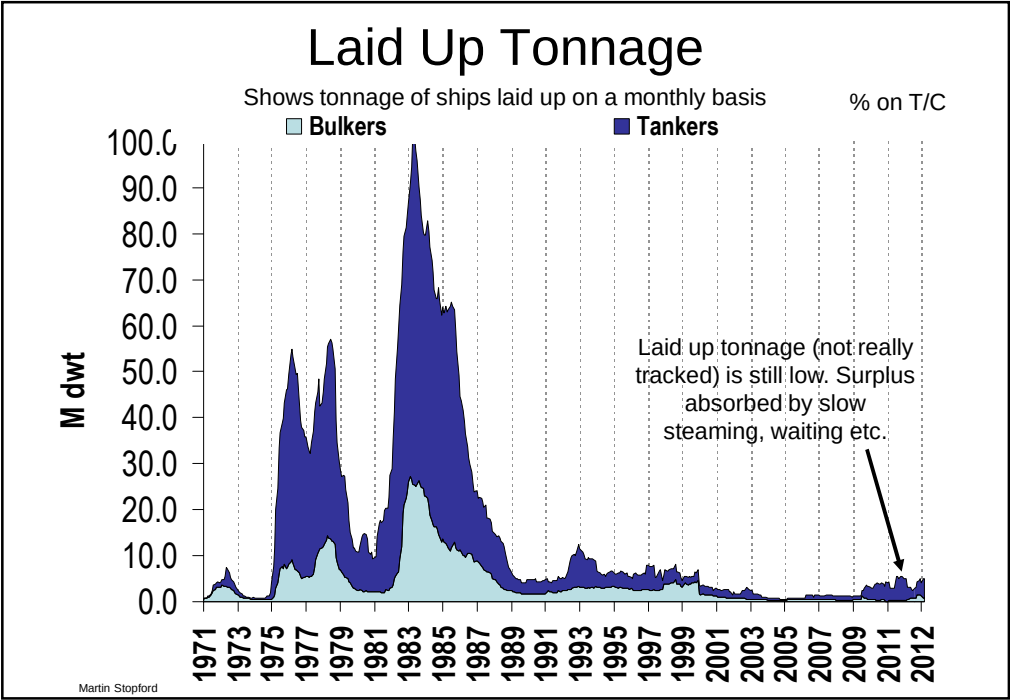
2011 BOSTON MARATHON

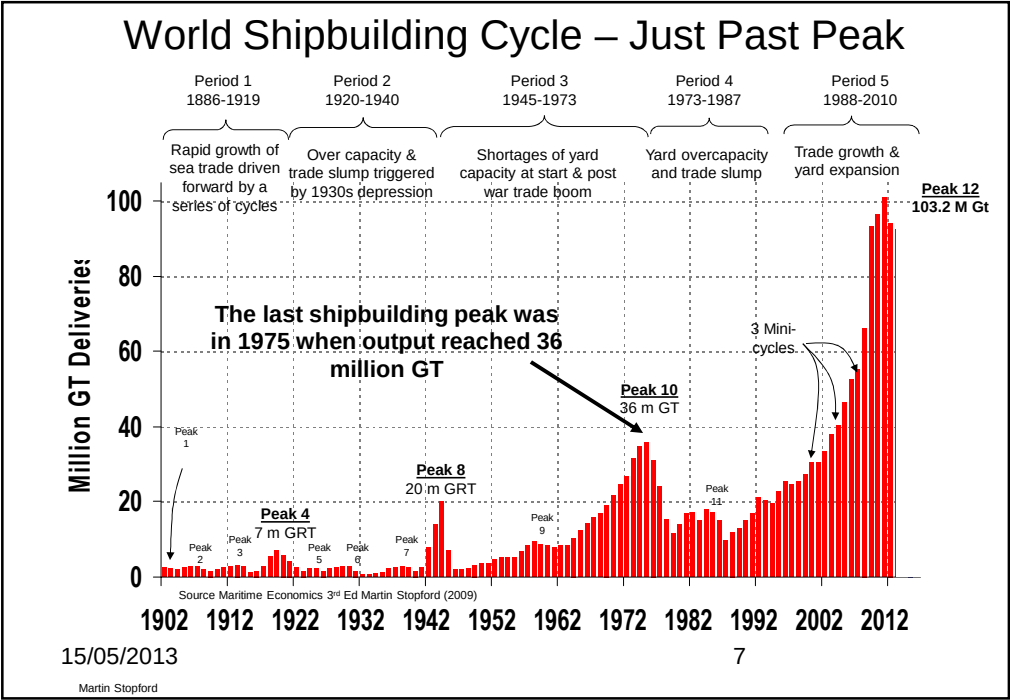
WINNERS.....

Average earnings 1st half 2010, 2011, 2012, 2013

	\$000/day
	2010
VLCC (10 years)	37,929
Suezmax	31,259
Aframax	19,792
Products Clean	13,148
Products dirty	14,956
Capesize	30,587
Panamax	20,221
Panamax (Trip)	24,955
Handymax (Trip)	12,798
Container 1700 TEU	6,800
Container 3500 TEU	13,250
Total	22,849
All tankers	23,417
All bulkers	22,140

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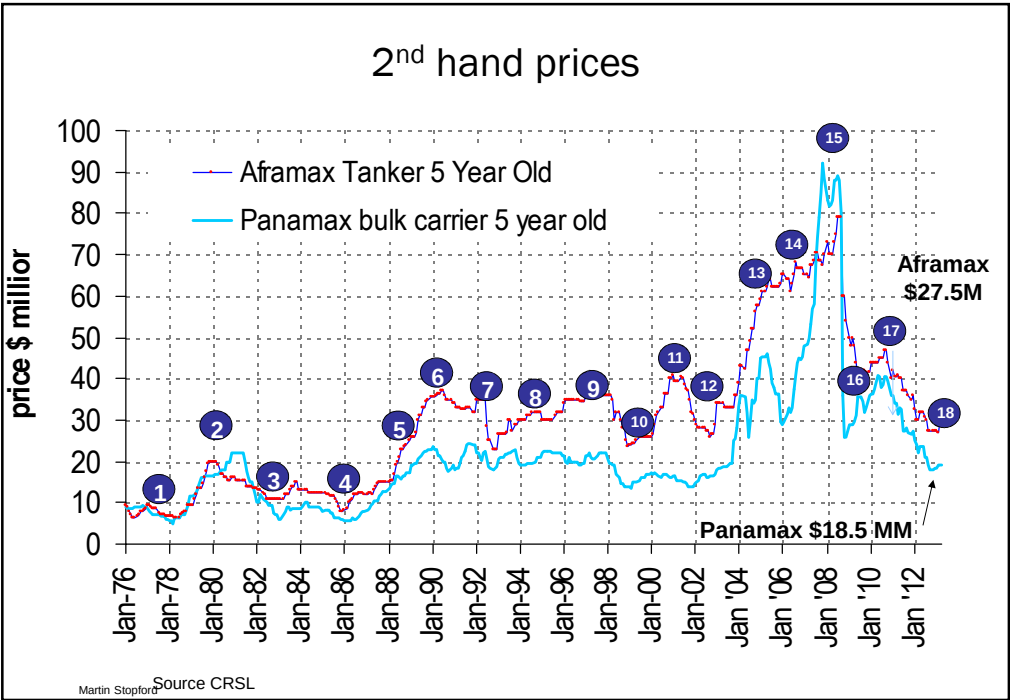
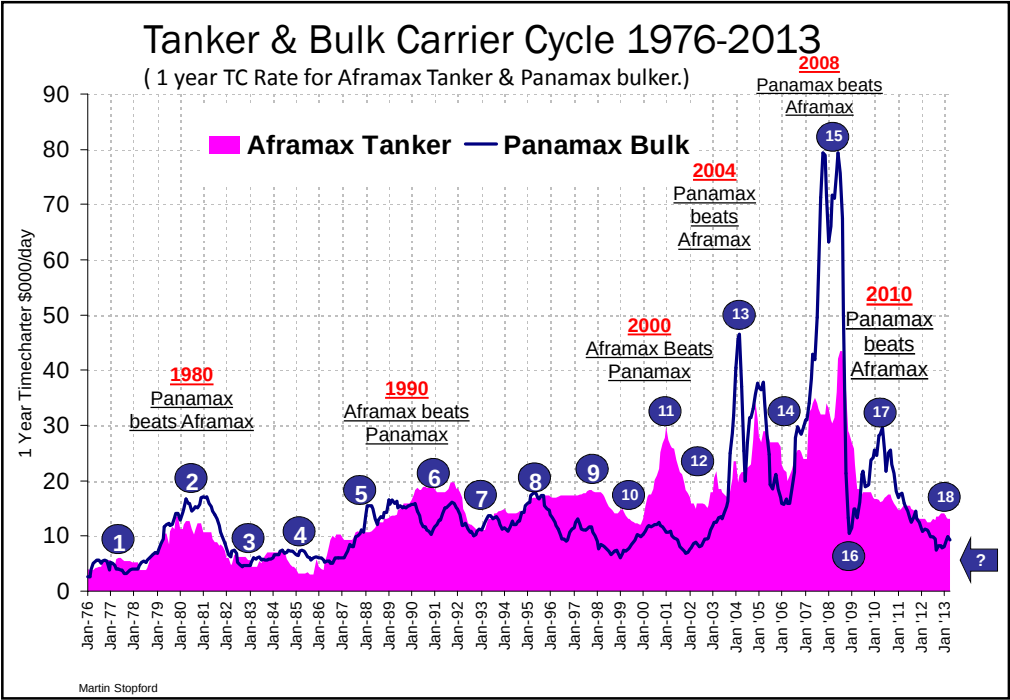
2.How Do Markets Behave?

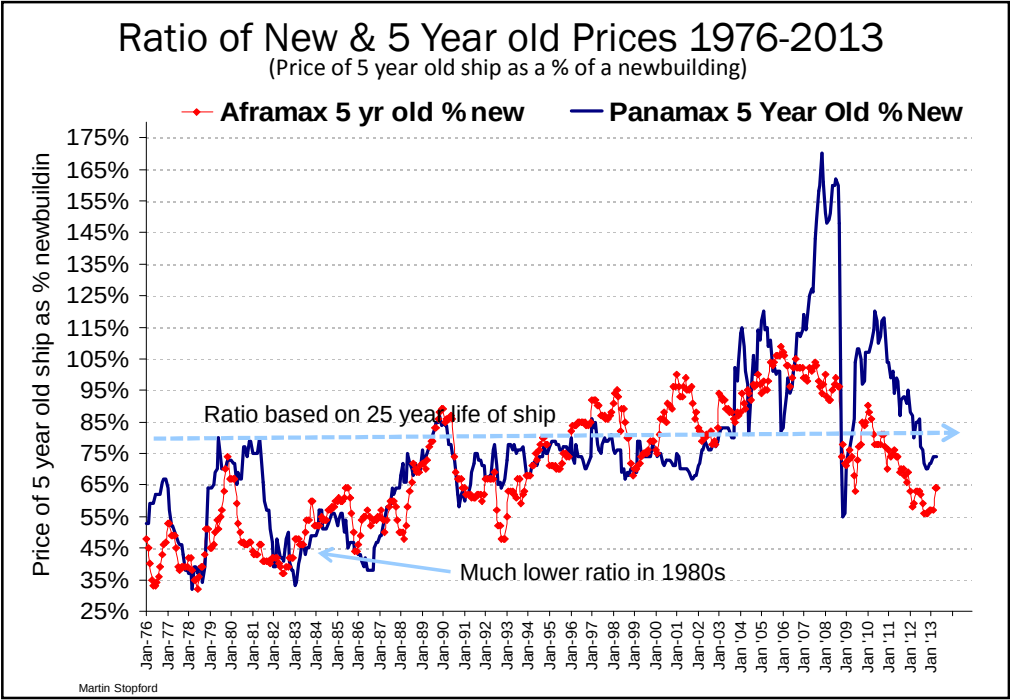
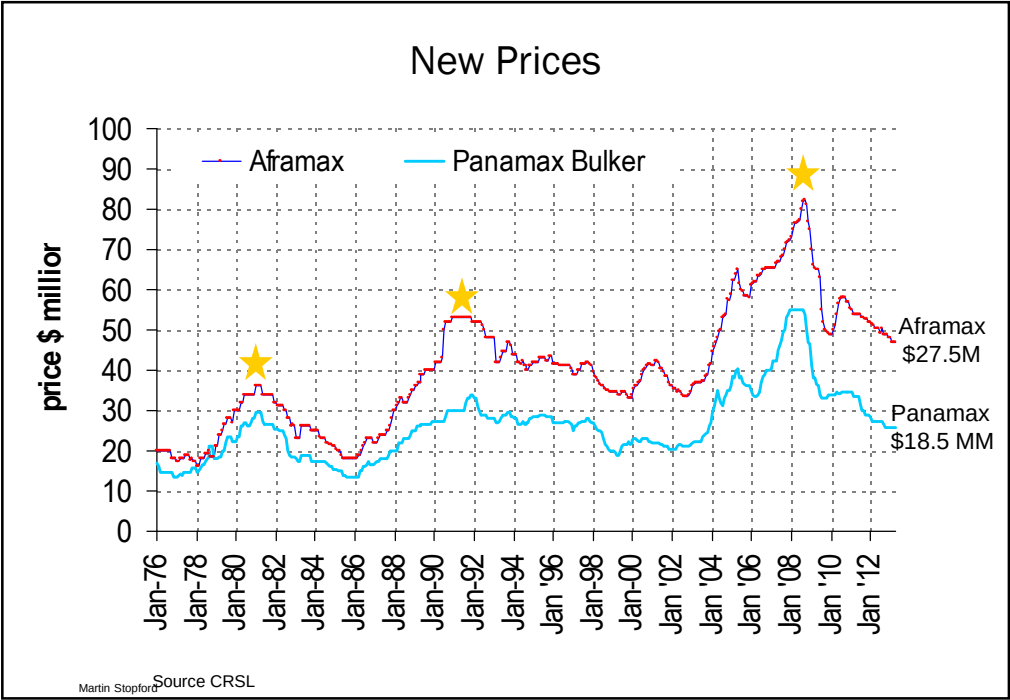
Study the course to plan the next race?

Our runners....



Martin Stopford





Who Won the Last Race?

Aframax V Panamax (Bulk) 1976- 2013

- BOTH EARNED THE SAME:** The Panamax earned \$14,727/day and the Aframax \$15,011/day.
- PANAMAX COST LESS:** Panamax COST \$26, 35% LESS THAN THE Aframax WHICH COST \$40.1mm (average price over 37 years)
- PANAMAX LESS DEPRECIATION:** In the first 5 years the Aframax lost 25% and the Panamax 17%, so the Panamax was a better investment .
- PANAMAX WON DUE TO THE DRY CARGO BOOM IN THE 2000s**



WHICH SHIP DID THE BEST?

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2. Where Are We Going?

Is there pain ahead in the 2009-20?? Marathon?....



Dustin Hoffman star of the film “Marathon Man” has his teeth checked by exiled Nazi torture dentist, Laurance Olivier

Martin Stopford

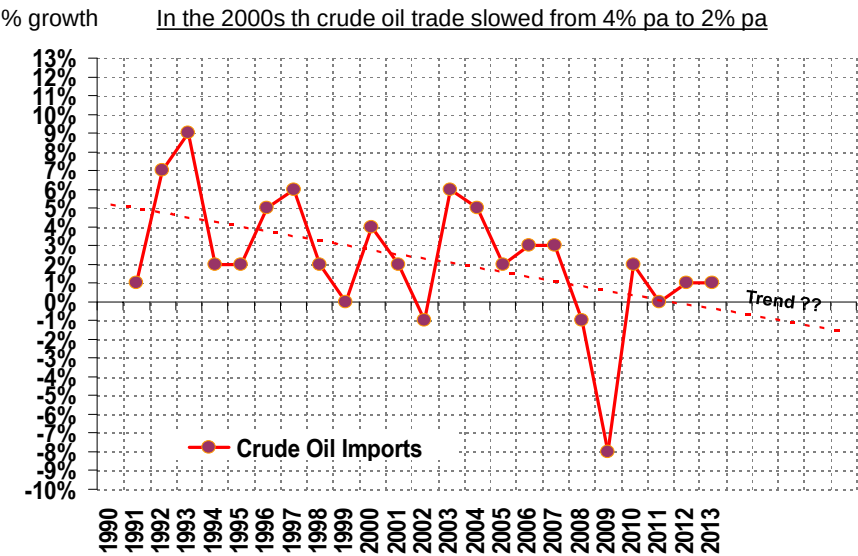


The Tanker Market

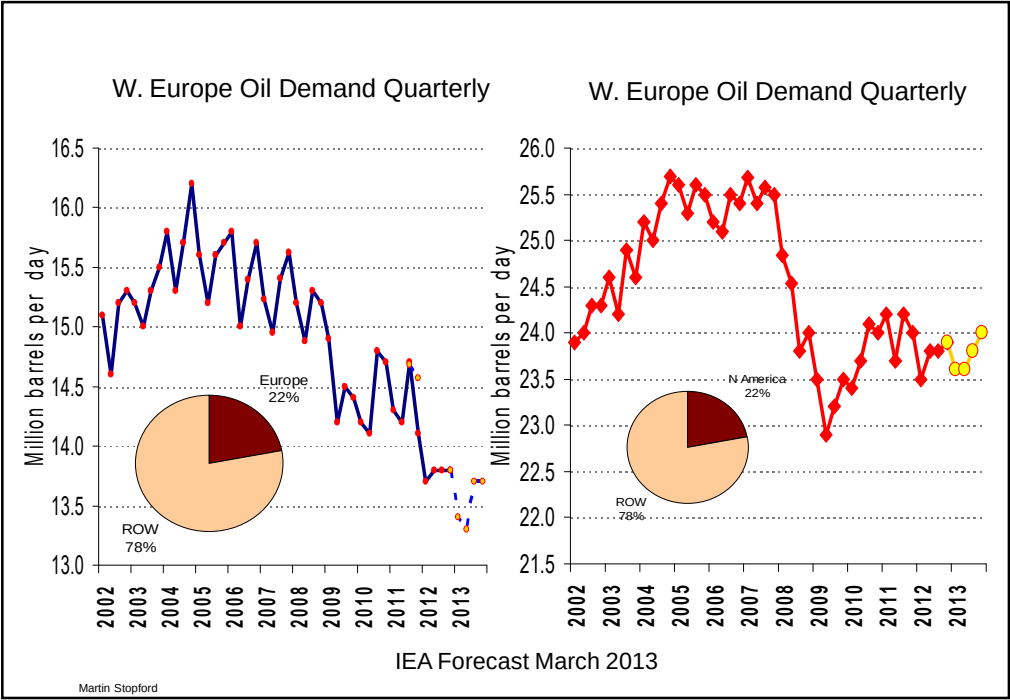
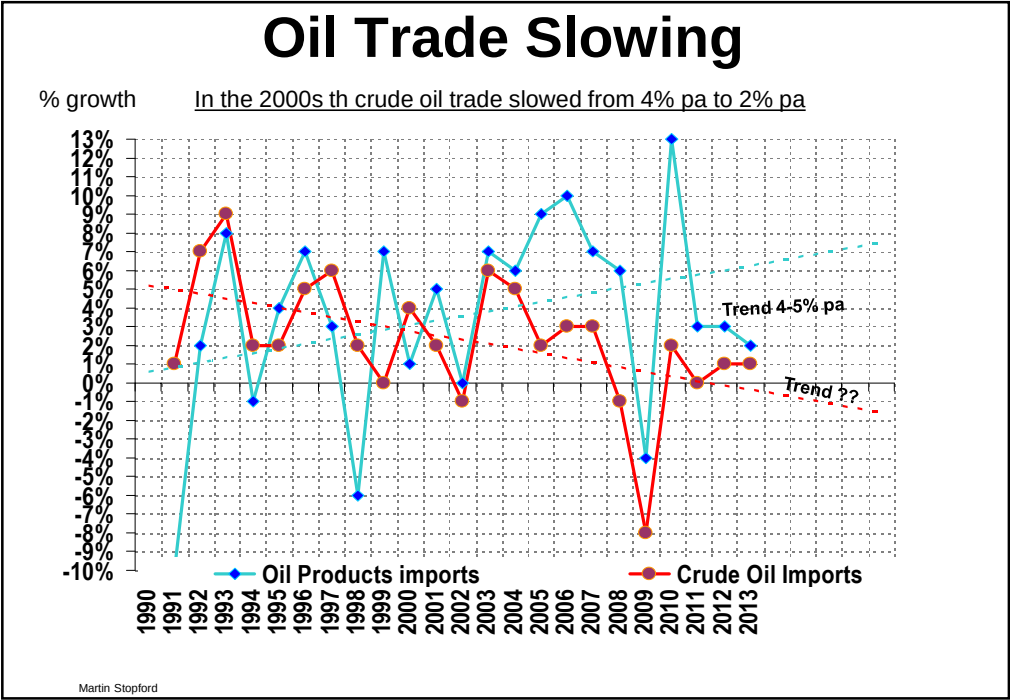
Sluggish demand driven by recession, high oil price and new production technology, especially in the OECD countries, combined with sluggish fleet growth are not making inroads into the surplus

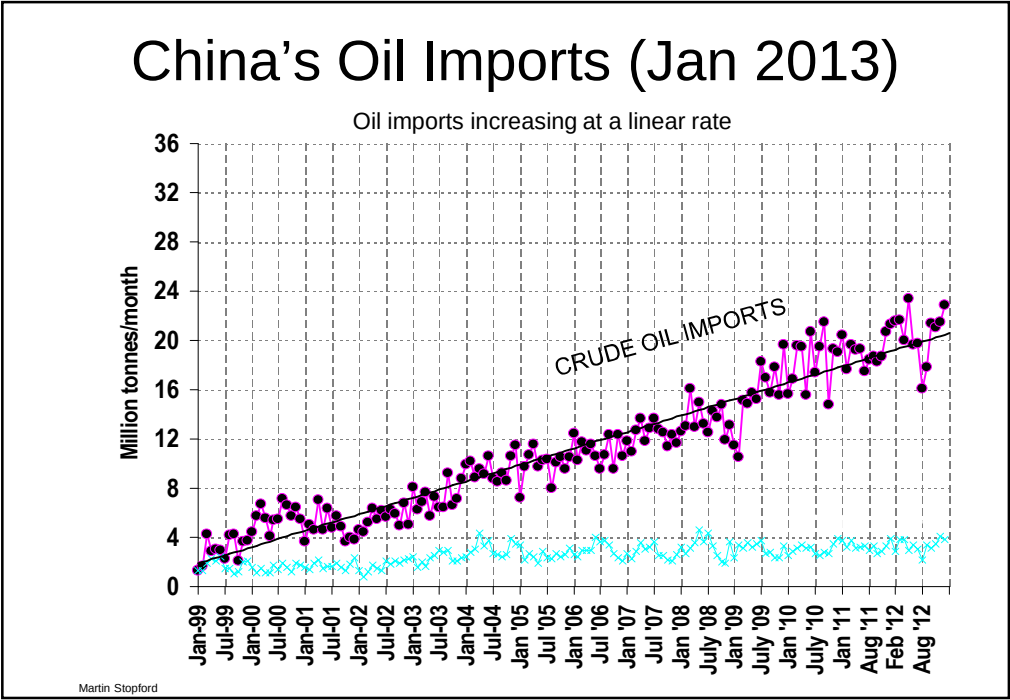
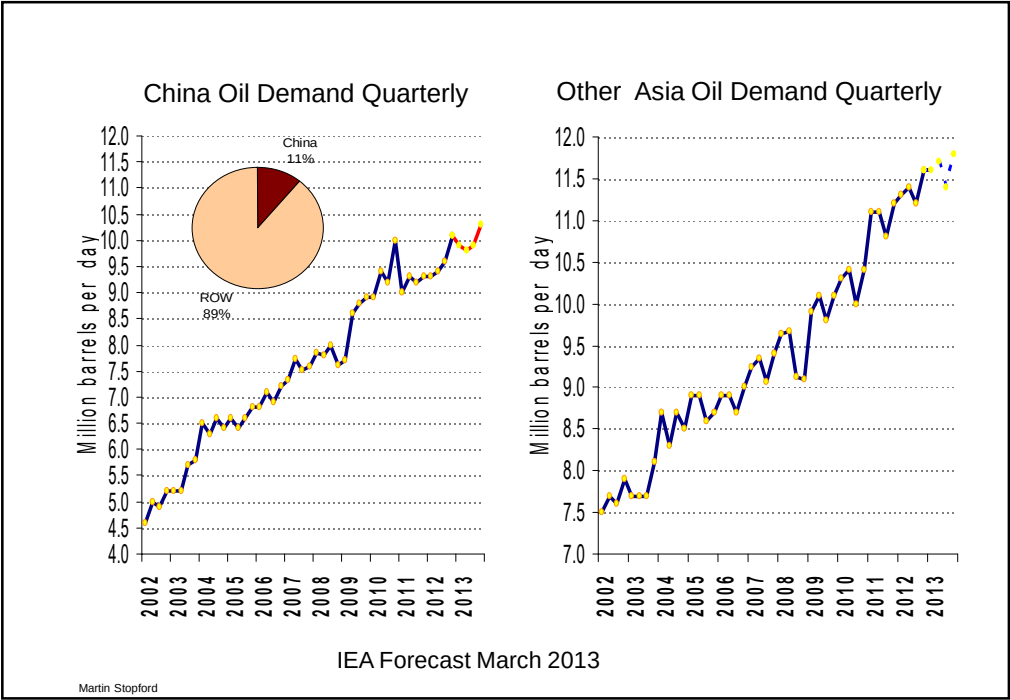
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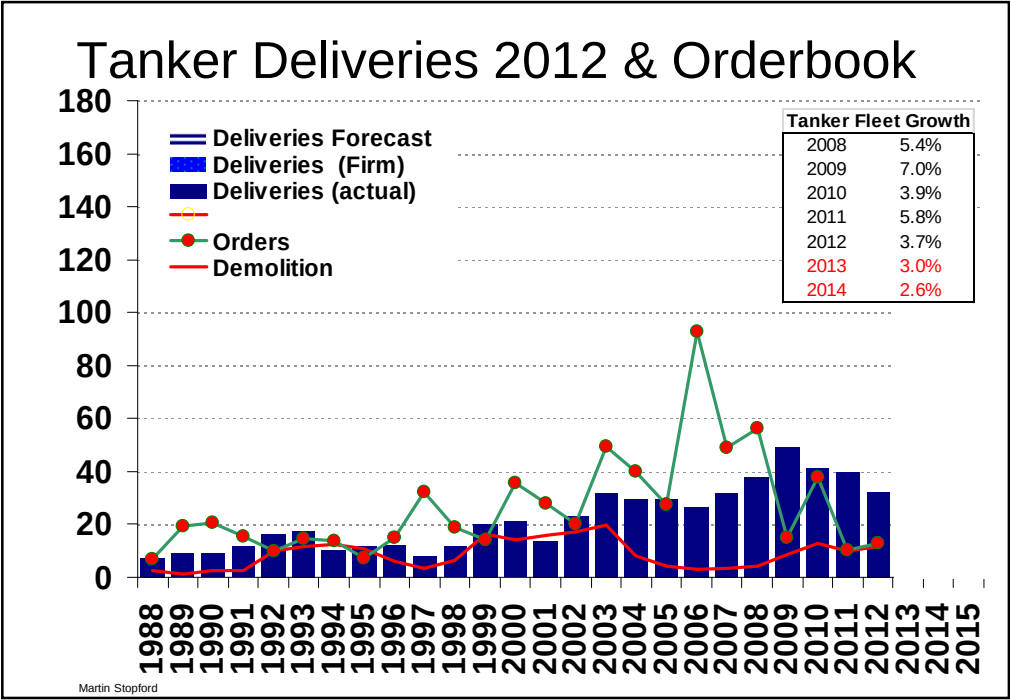
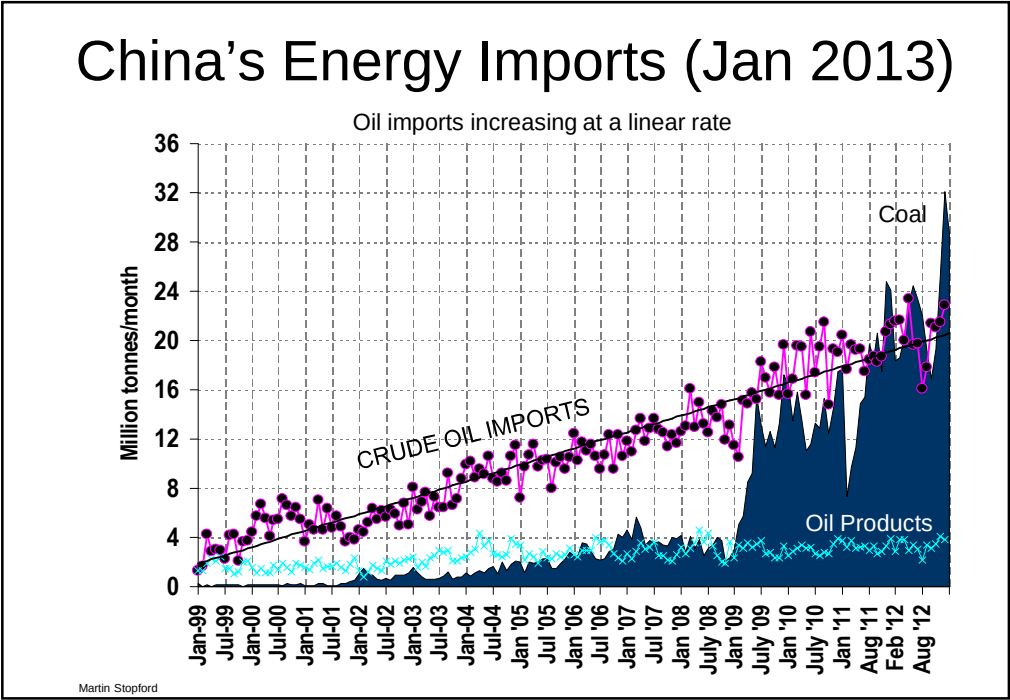
Oil Trade Slowing

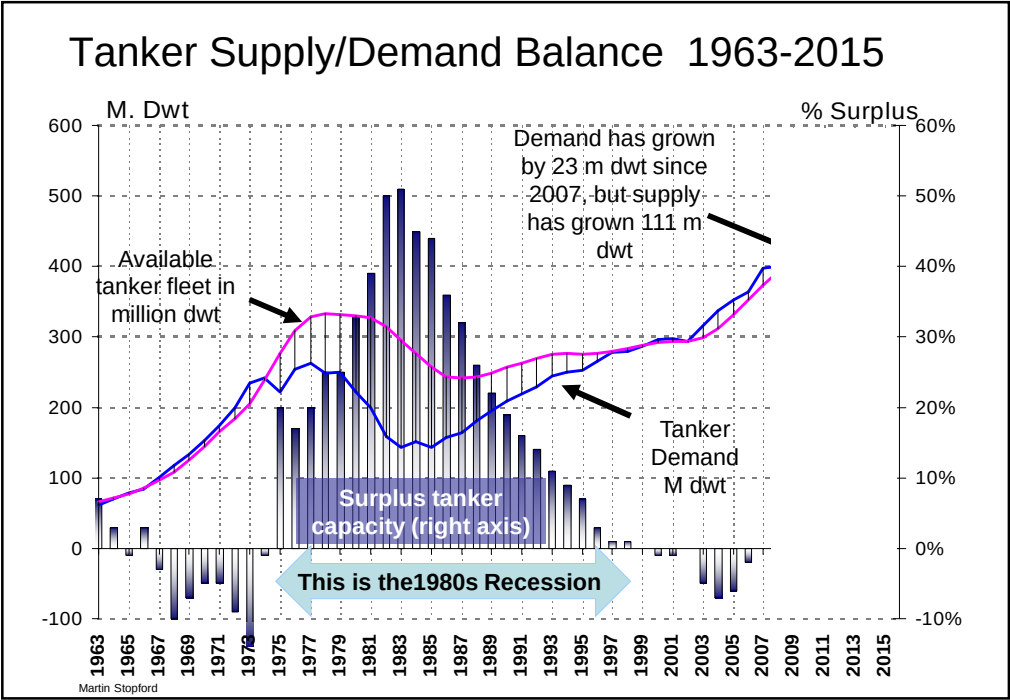


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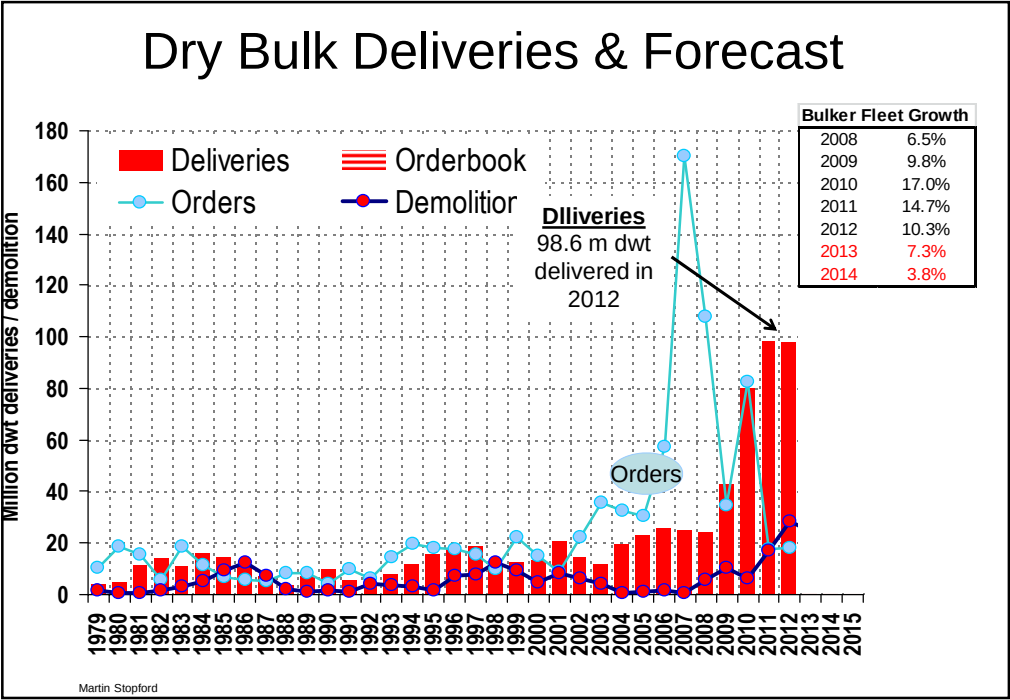
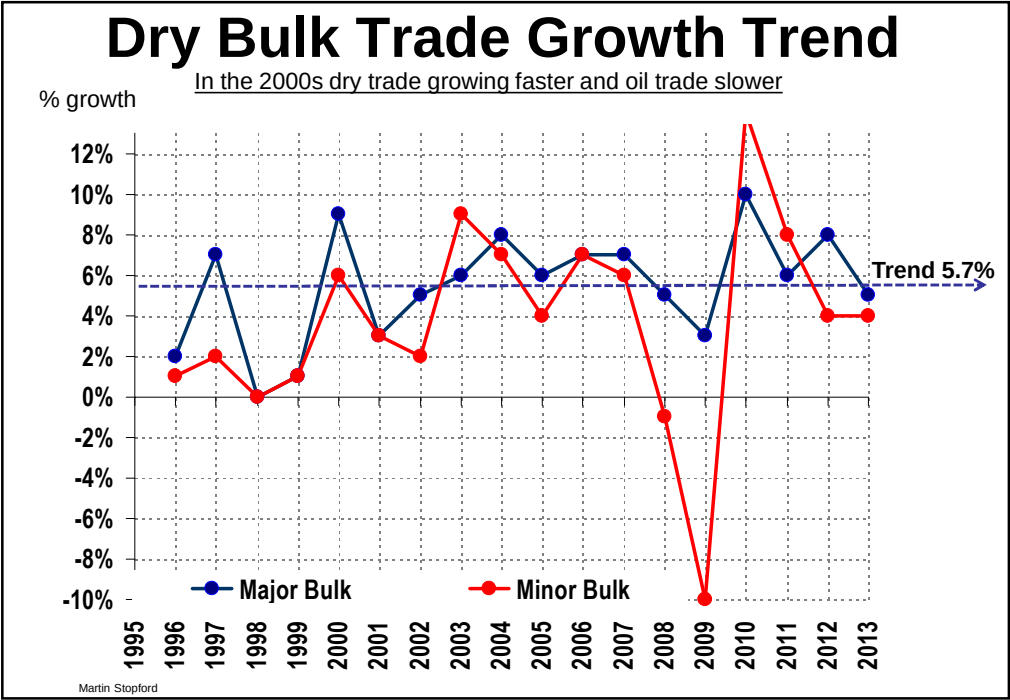


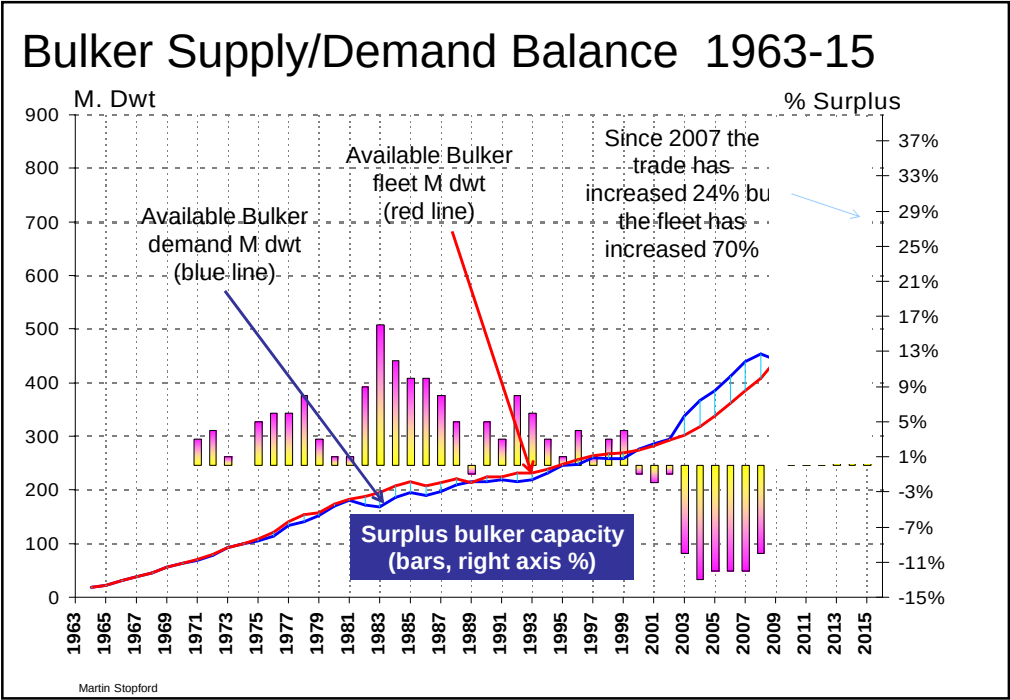


The Bulk Carrier Market

Brisk demand growth, despite the recession in the OECD and slowing Asia , provides a good base for market recovery. But the fleet is still growing fast and there is a surplus to absorb. So an early recovery is unlikely.

Martin Stopford





4. What Should We Worry About?



1. Ship owners



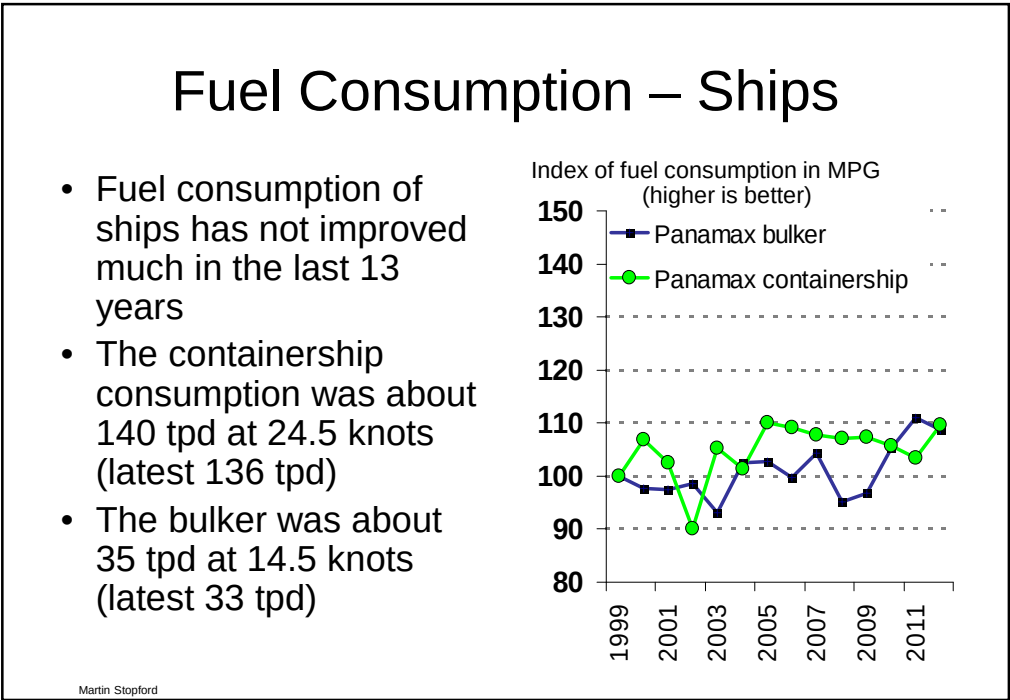
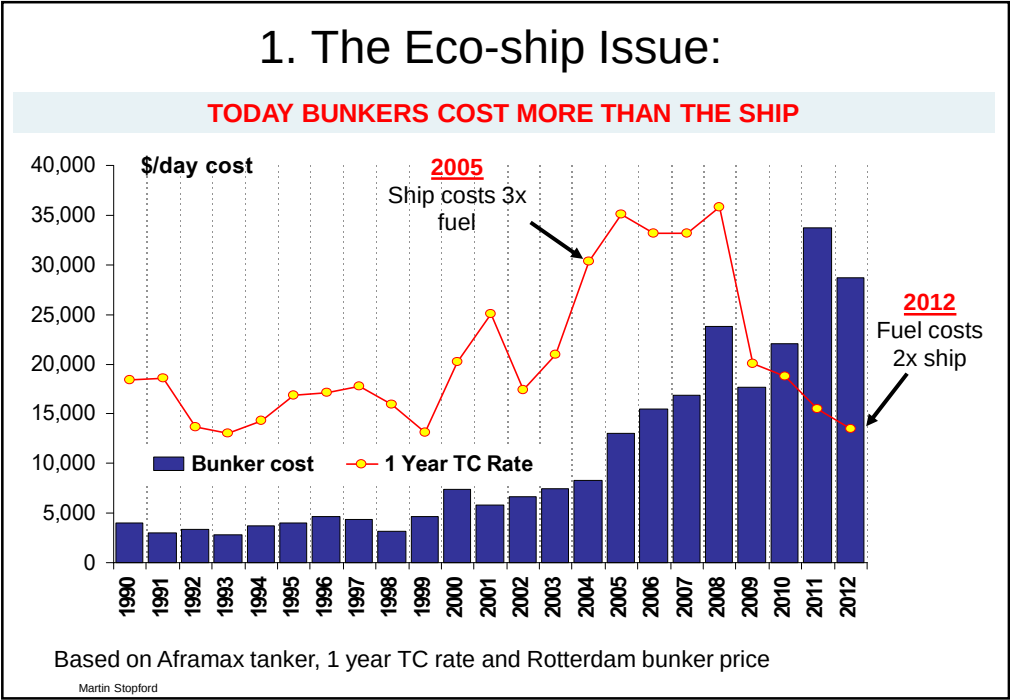
2. Shipbuilders

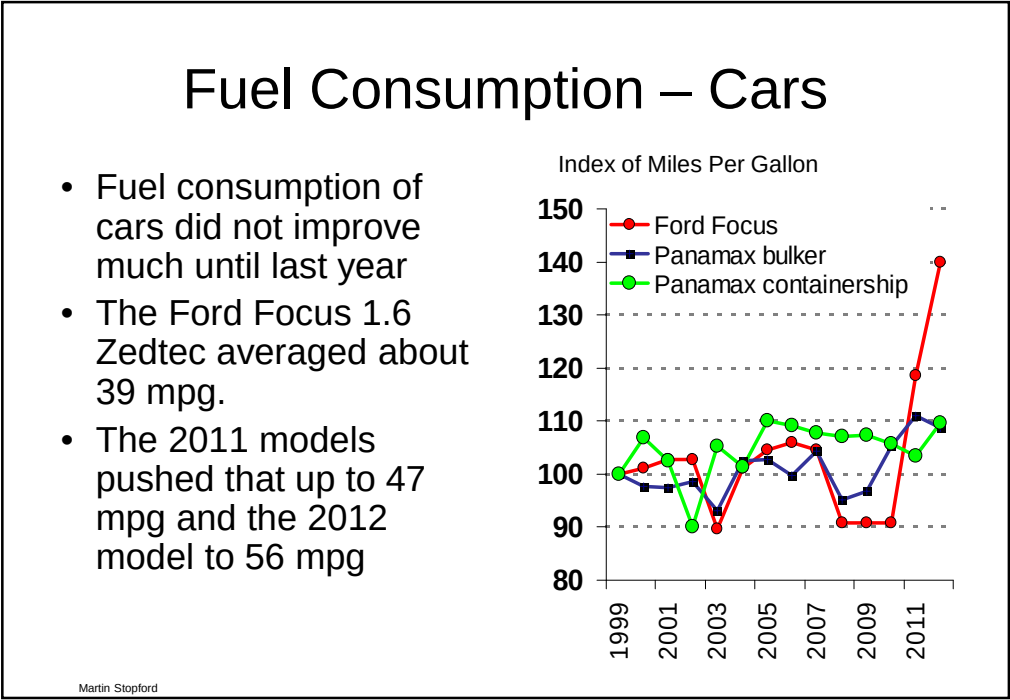
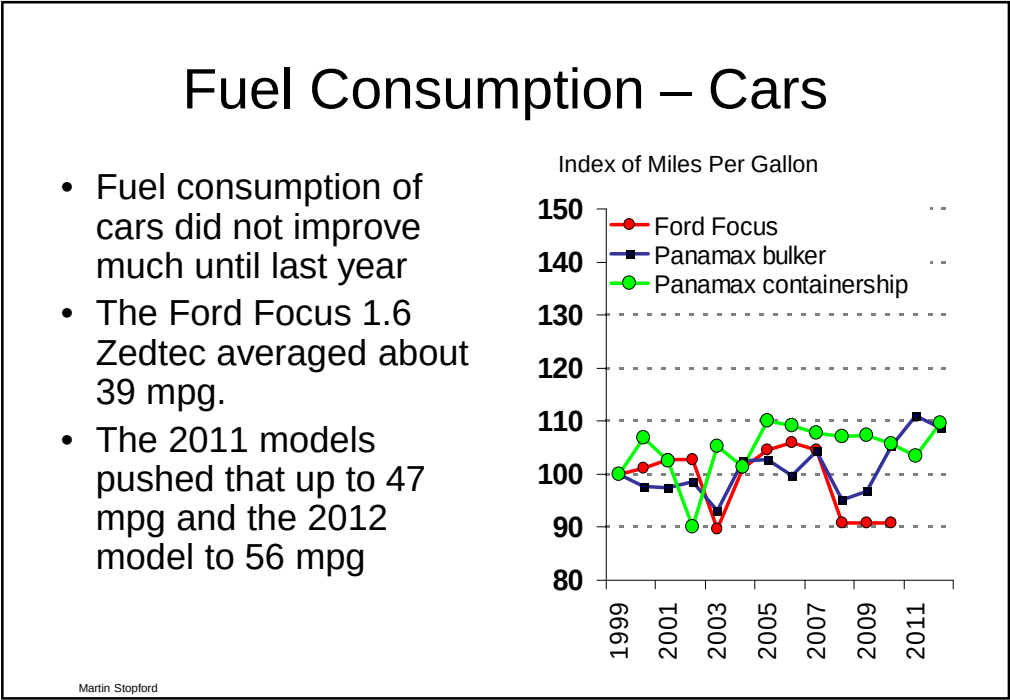


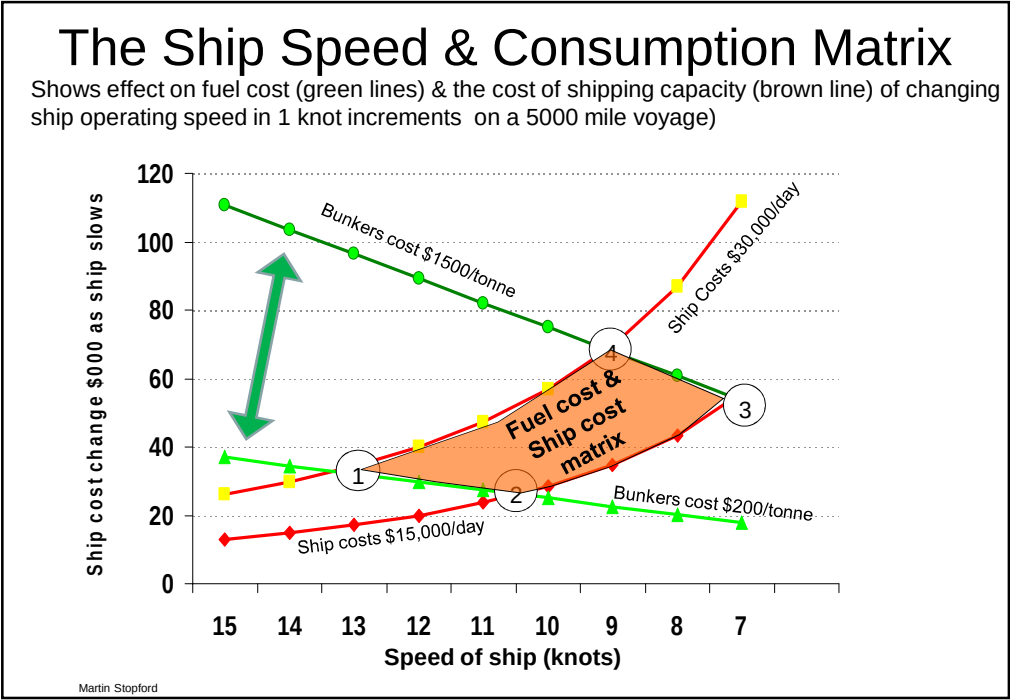
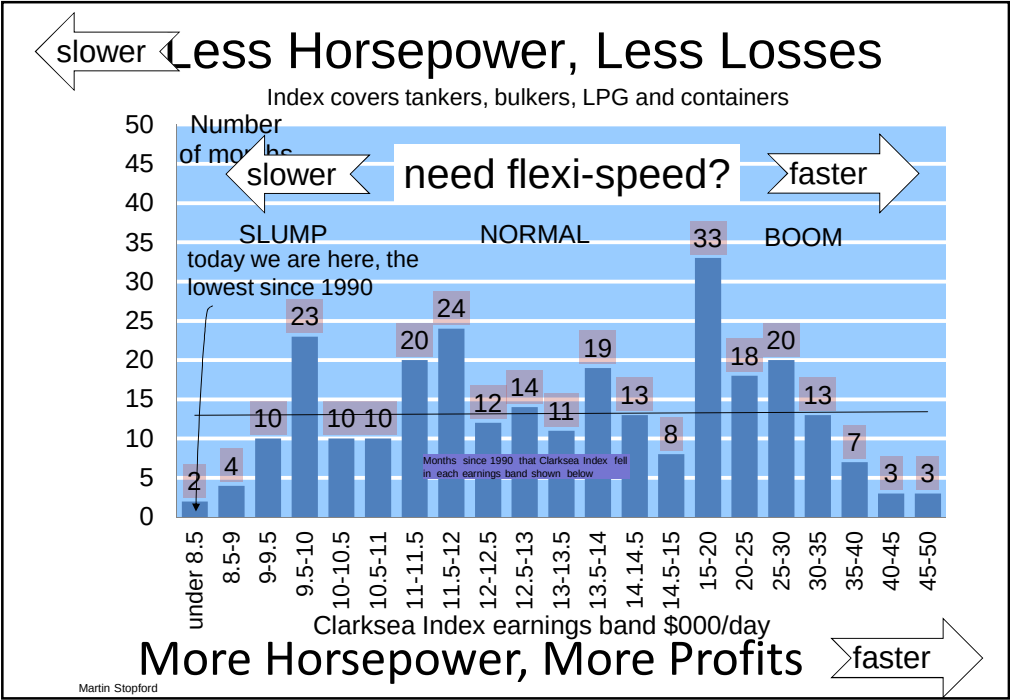
3. New regulatory era?

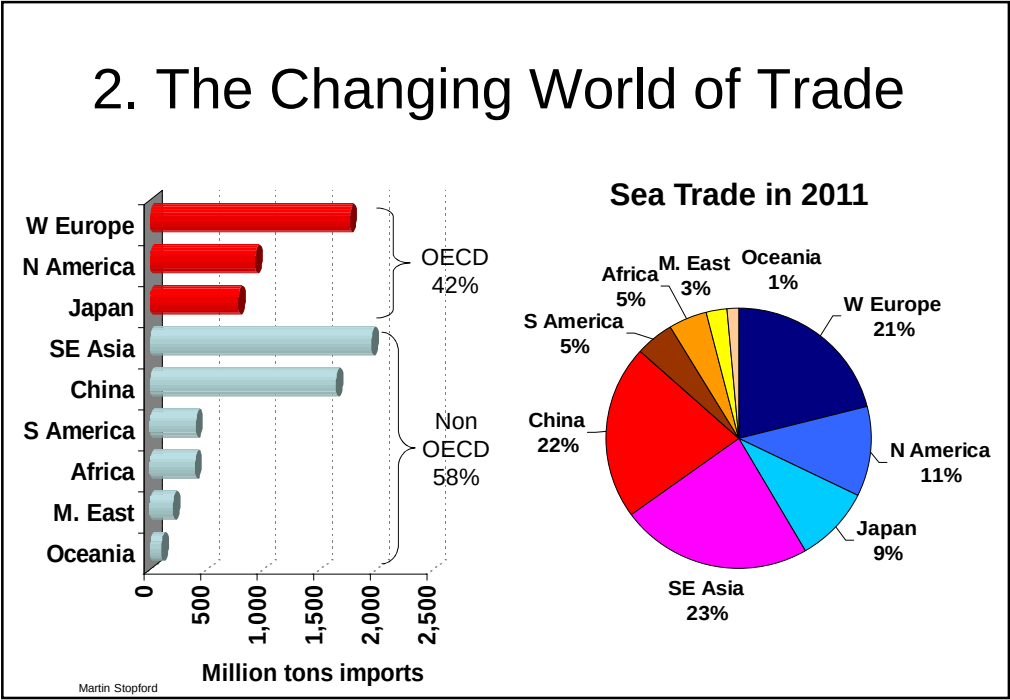
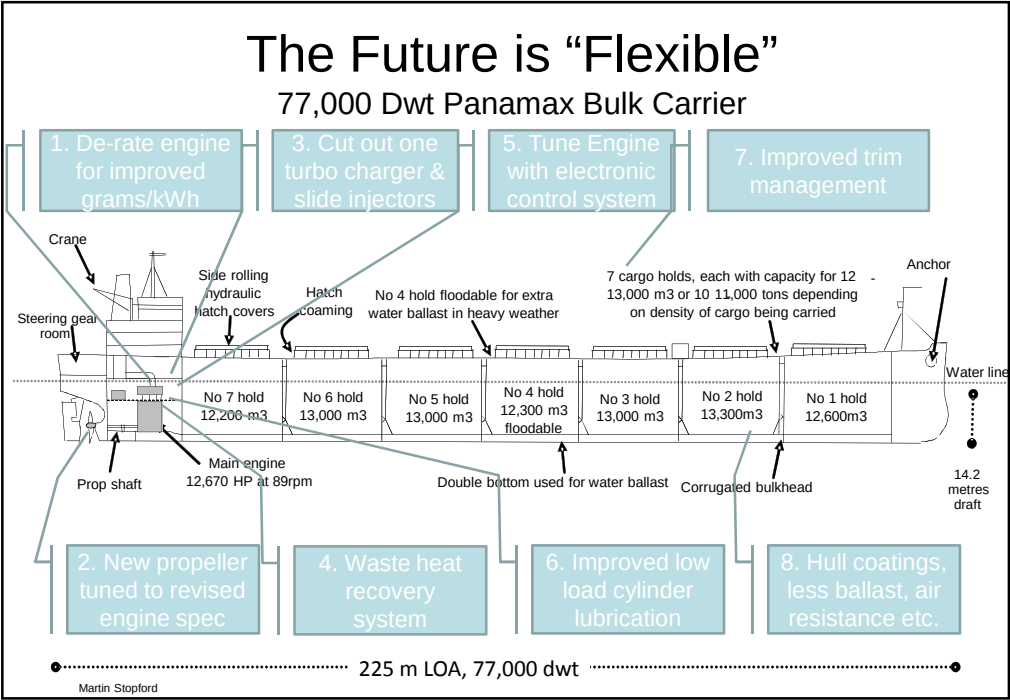


4. Moving offshore



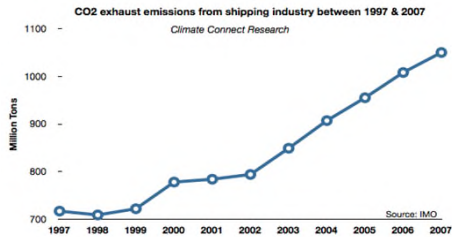






3. Regulatory Intervention

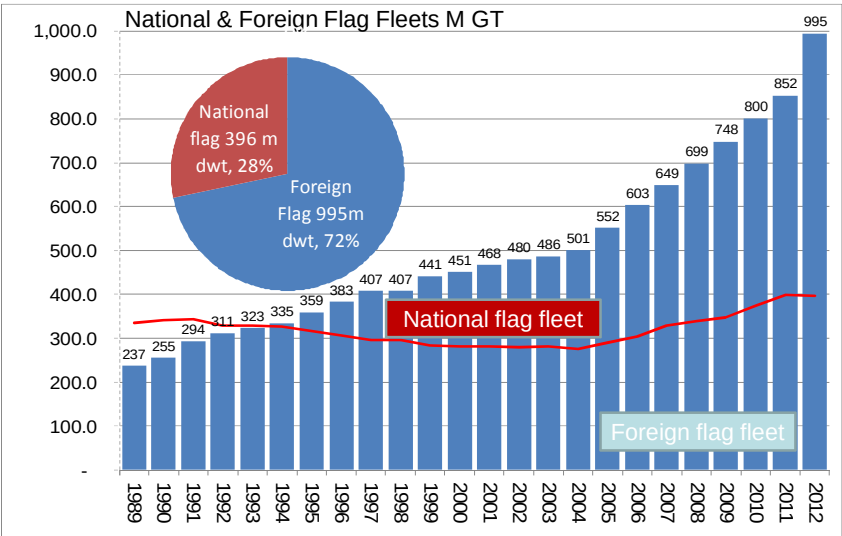
- Requirement that new ships must comply with the EEDI, a clear attempt to drive efficiency improvements
- The focus on air emissions; ballast water; recycling; energy efficiency and the carbon footprint.
- The dilemma of gas oil versus scrubbers and the uncertainty over of which ballast water system technology do not help
- Many shipyards, after a decade when they were able to sell standard ships, are struggling to respond.



Martin Stopford

4. Merchant Fleet Moving Offshore

72% OF THE WORLD FLEET FLAGGED ABROAD & GROWING

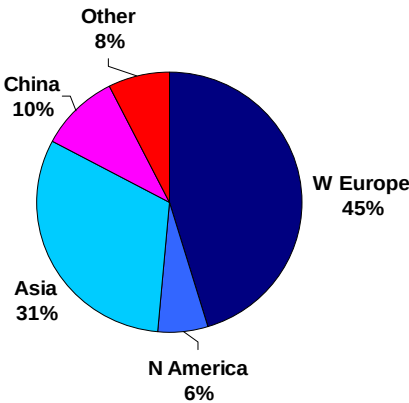


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5. The Top Shipowning Nations

Rank	Nation	National	Foreign	Total
1	Japan	20	197	218
2	Greece	65	159	224
3	Germany	17	108	126
4	China	52	72	124
5	USA	7	47	55
6	S Korea	17	39	56
7	Taiwan	4	35	39
8	Bermuda	2	28	30
9	Norway	16	27	43
10	Denmark	13	27	40
11	Other			373
12	World	374	953	1,327

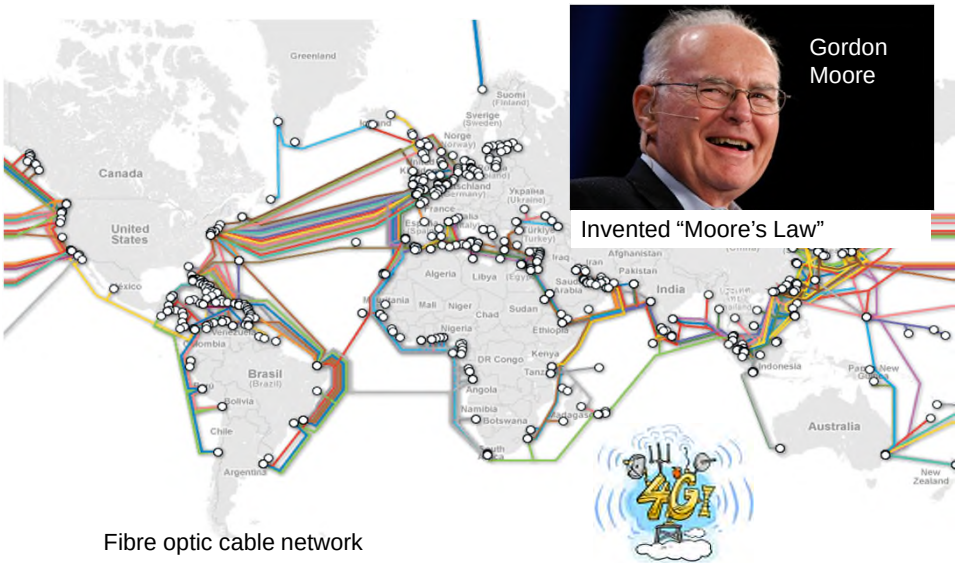
World Fleet Ownership 2013



Europe’s position as the biggest shipowner is being challenged

Martin Stopford

6. IT & Comms Issues

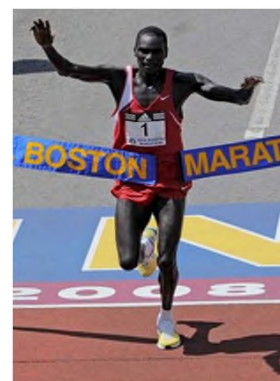


Fibre optic cable network

Martin Stopford

5. Summary

1. This is a long cycle (half way) so focus on finishing.
2. Shipping's struggling to find a strategy for recession, fuel price revolution, carbon footprint & regulatory framework.
3. Need holistic approach to tanker & bulker design for technical and regulatory issues.
4. Trading world changing the move to foreign flag continues at a rate of 1% a year.
5. Information technology the next revolution

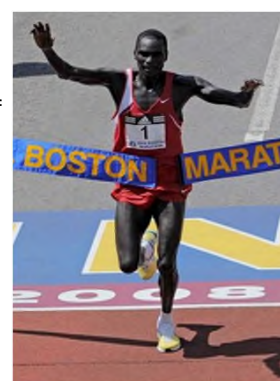


Recessions are about winners and losers

Martin Stopford

How to Win the "Shipping Marathon"

1. "Focus on the good work you've done and let the training take its course" - *Patrick Makau*
2. "20 miles is halfway!" "It is just a 20 mile warm up with a 10K at the end, so undercook the first half of the race". *Paul Evans*
3. "Don't let the crowd influence your pace". *Dave Sutherland*.
4. "Being organised will help you to feel as calm as possible. Make sure you have some mile splits prepared".
5. "Stress the positive from the word go. Take each mile in its own right and just focus on that mile. Don't be dragged into too fast a pace and don't panic if the early miles are behind schedule".



A winner

Martin Stopford

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