

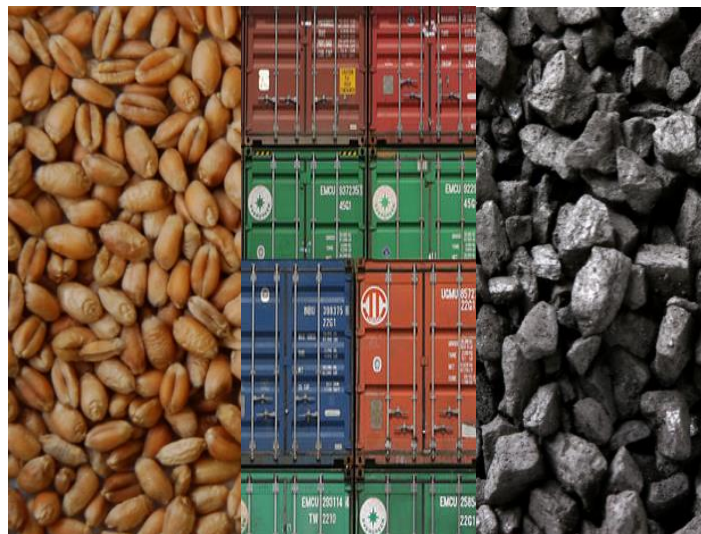


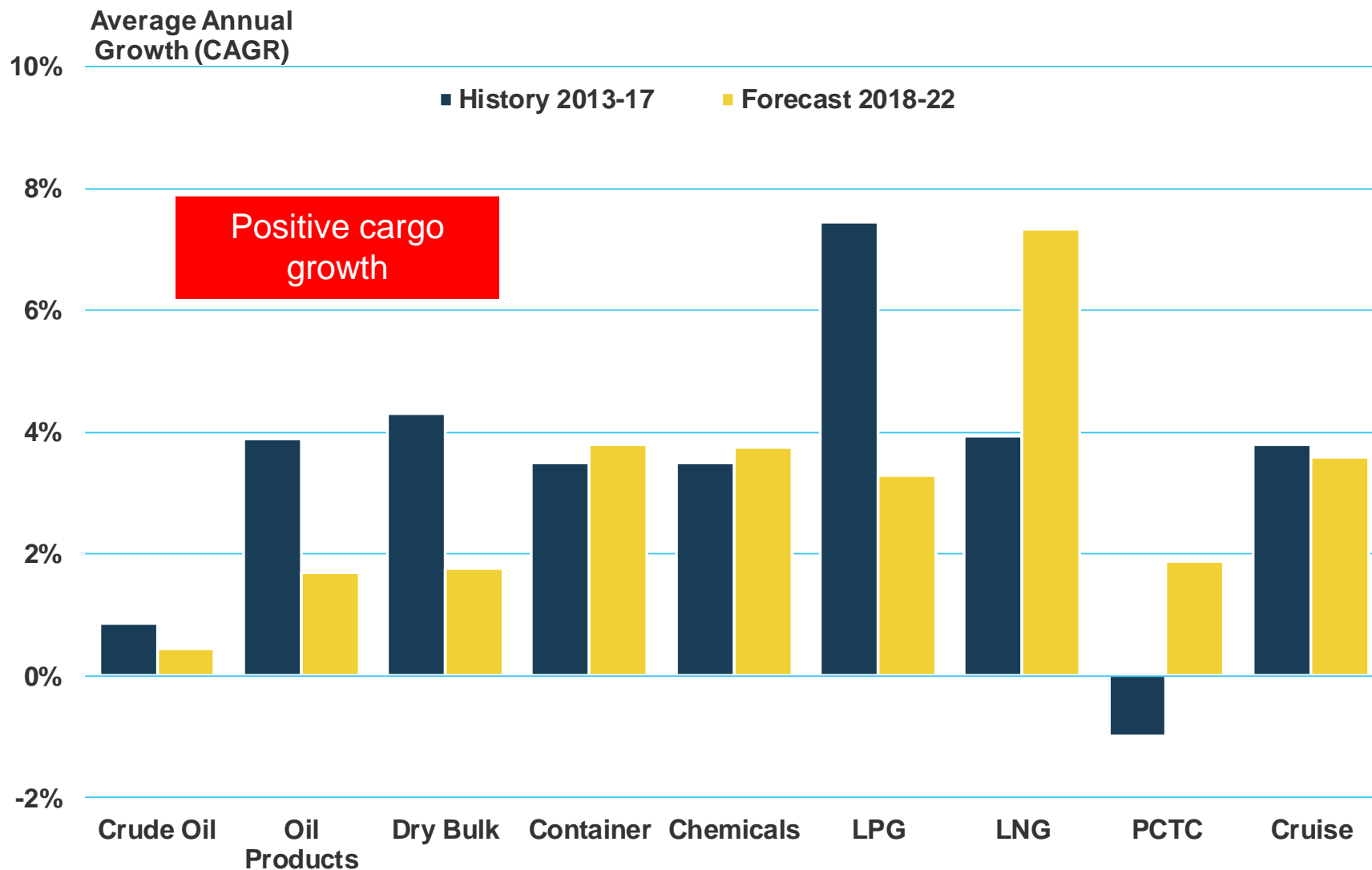
# The Shipping Cycle – An Industry Snapshot

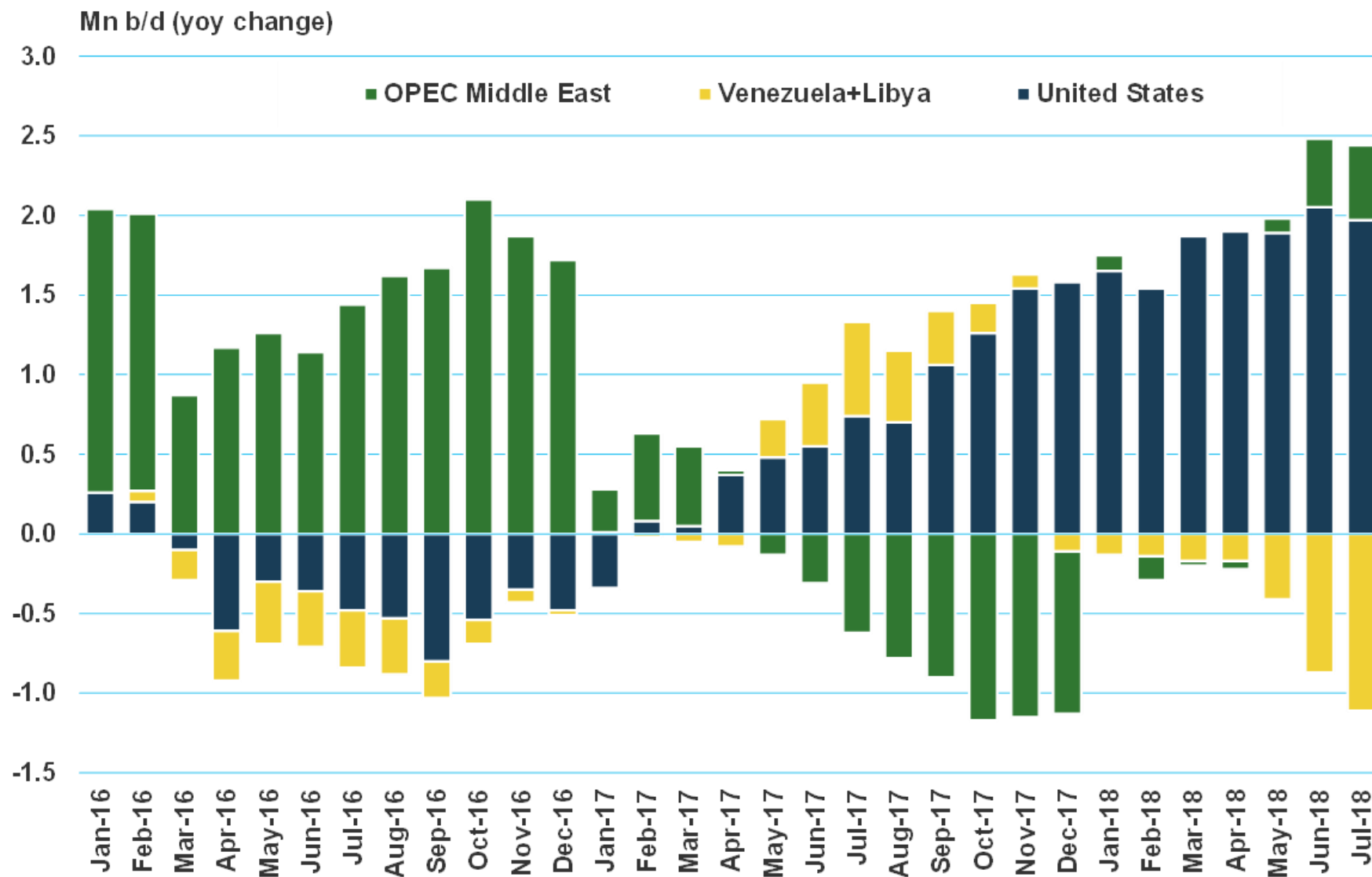
Niklas Carlén – Research Director, MSI

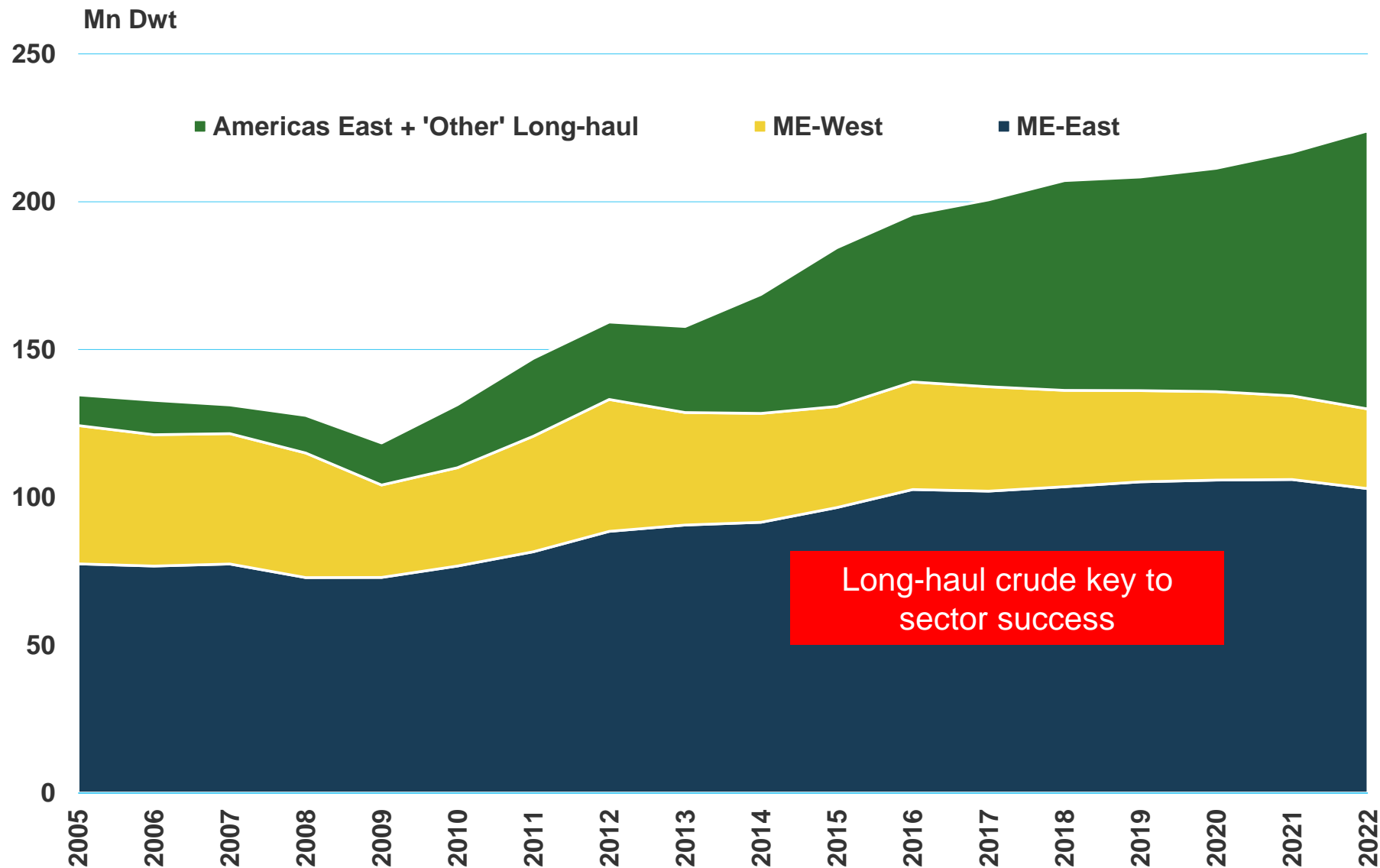
16th Annual Digital Ship Athens Conference & Exhibition – November 2018

# Demand

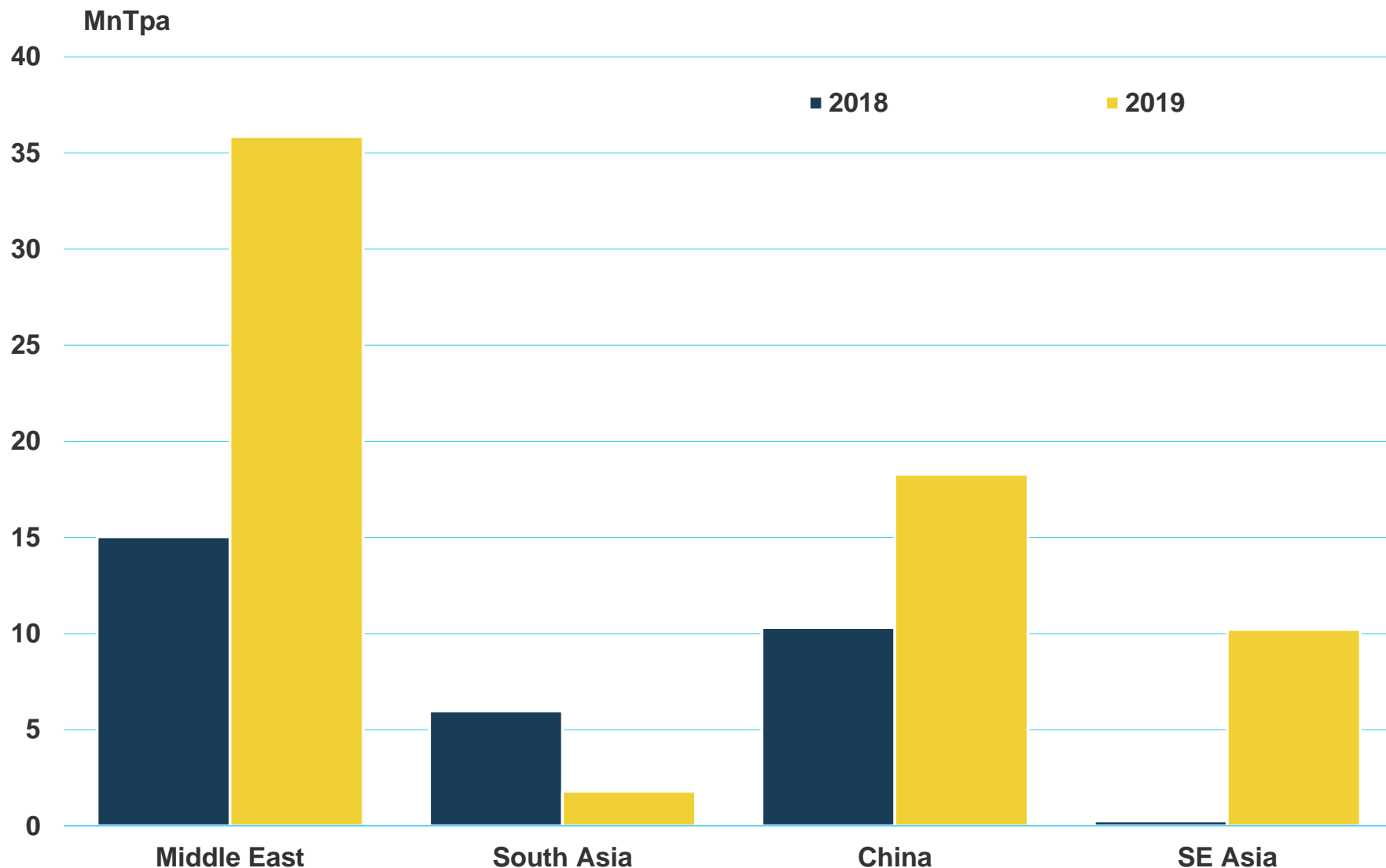


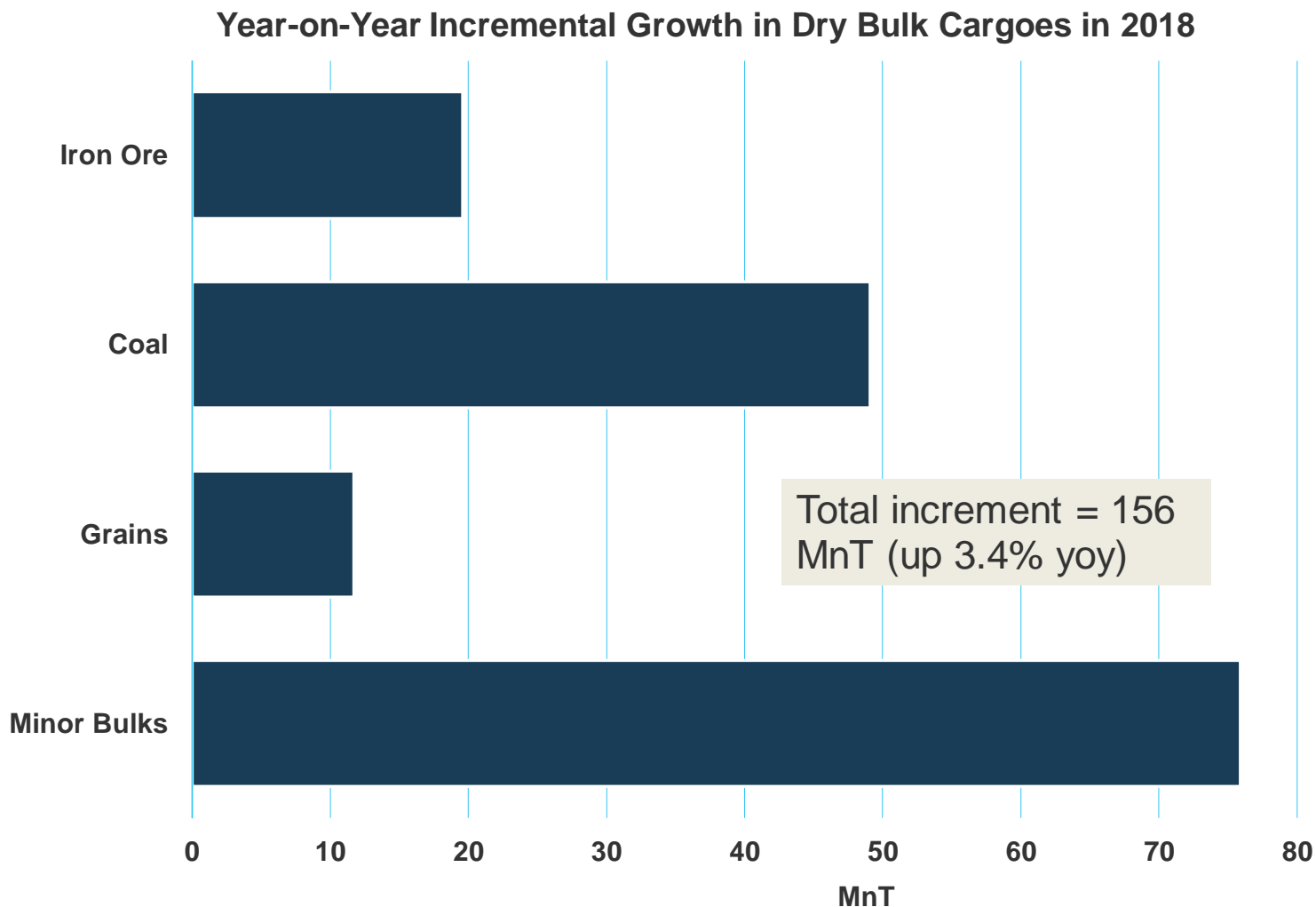




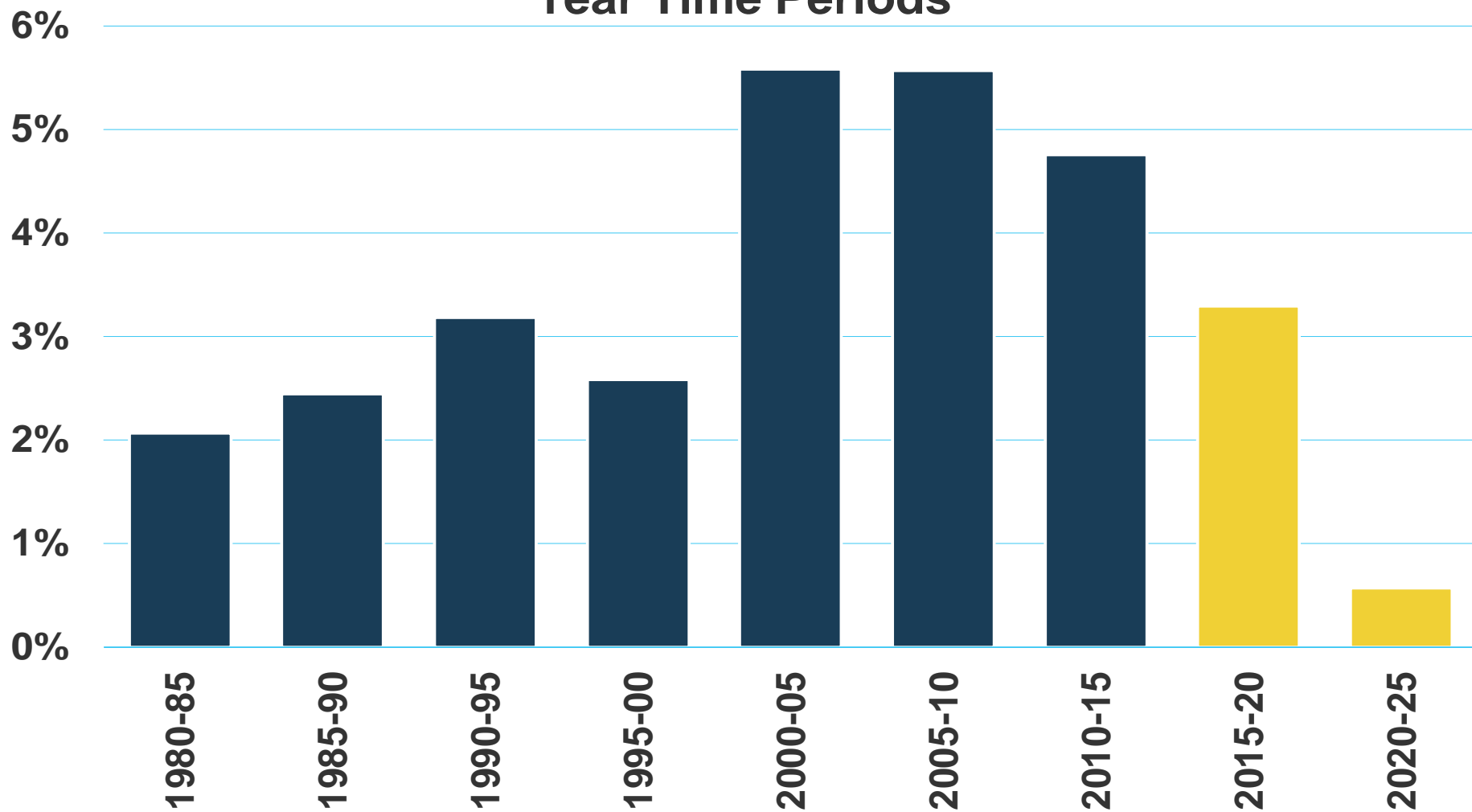


# Oil Tankers: Middle East Refinery Growth Dominates

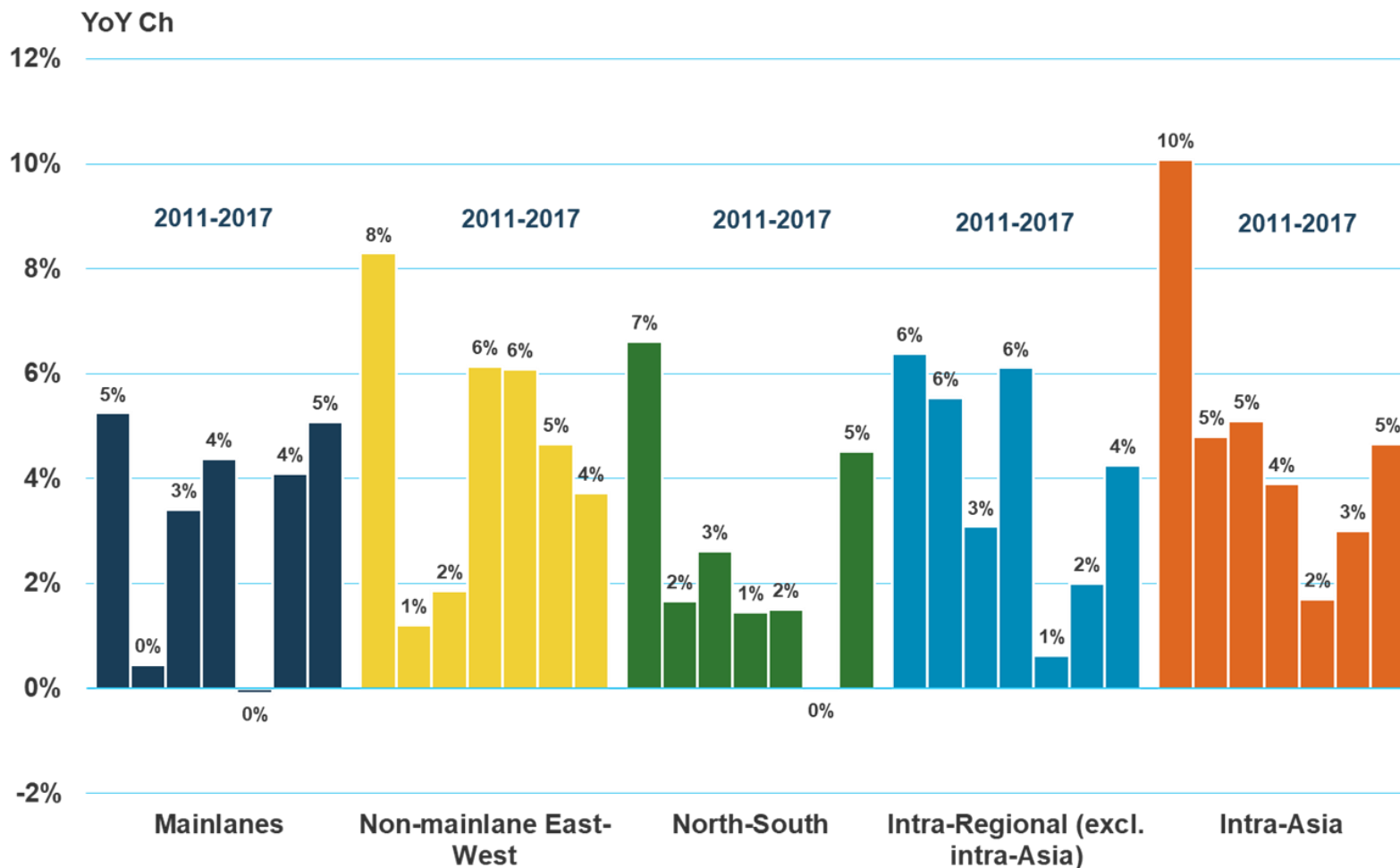




## Average Annual Dry Bulk Trade Growth Over 5-Year Time Periods

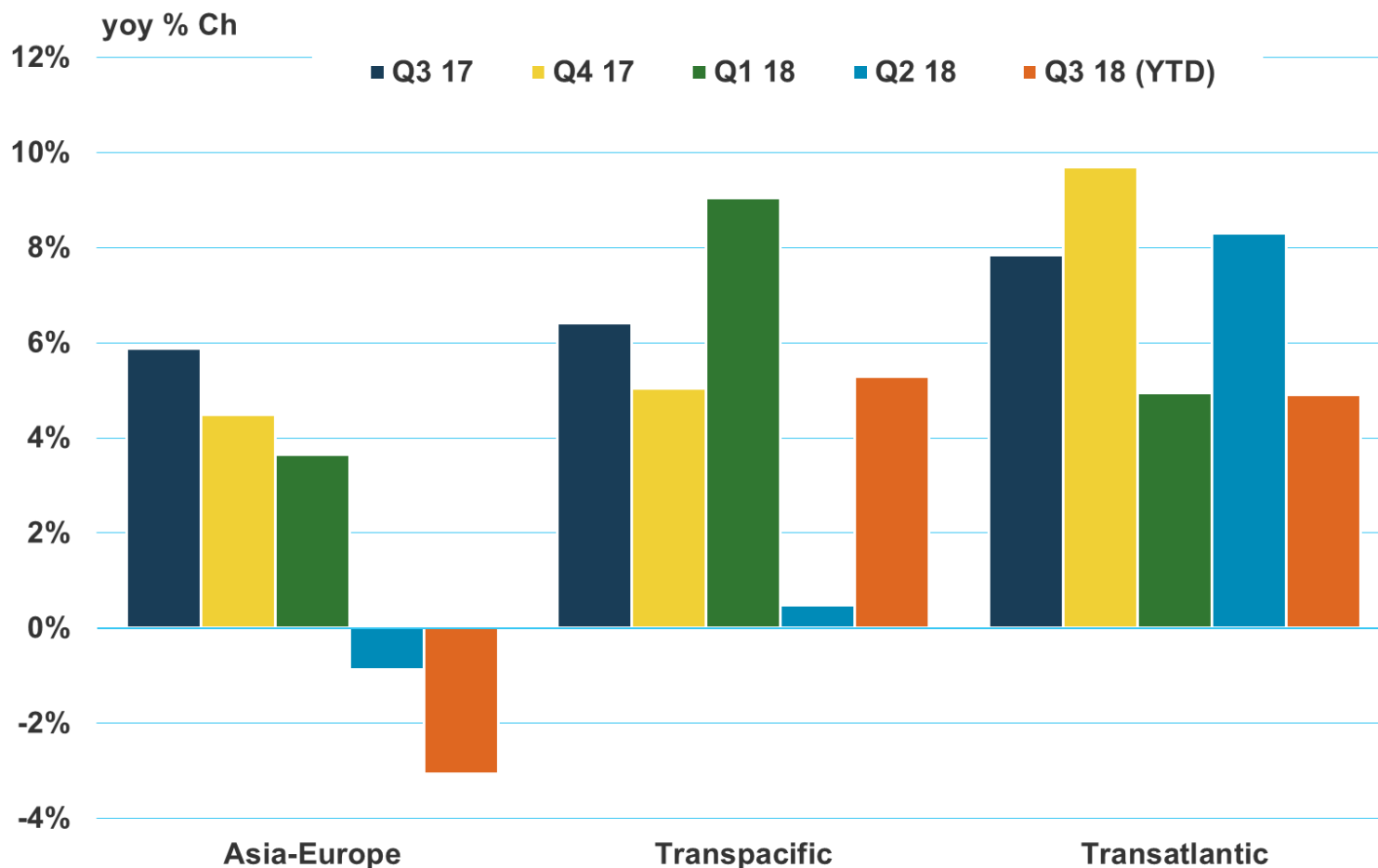




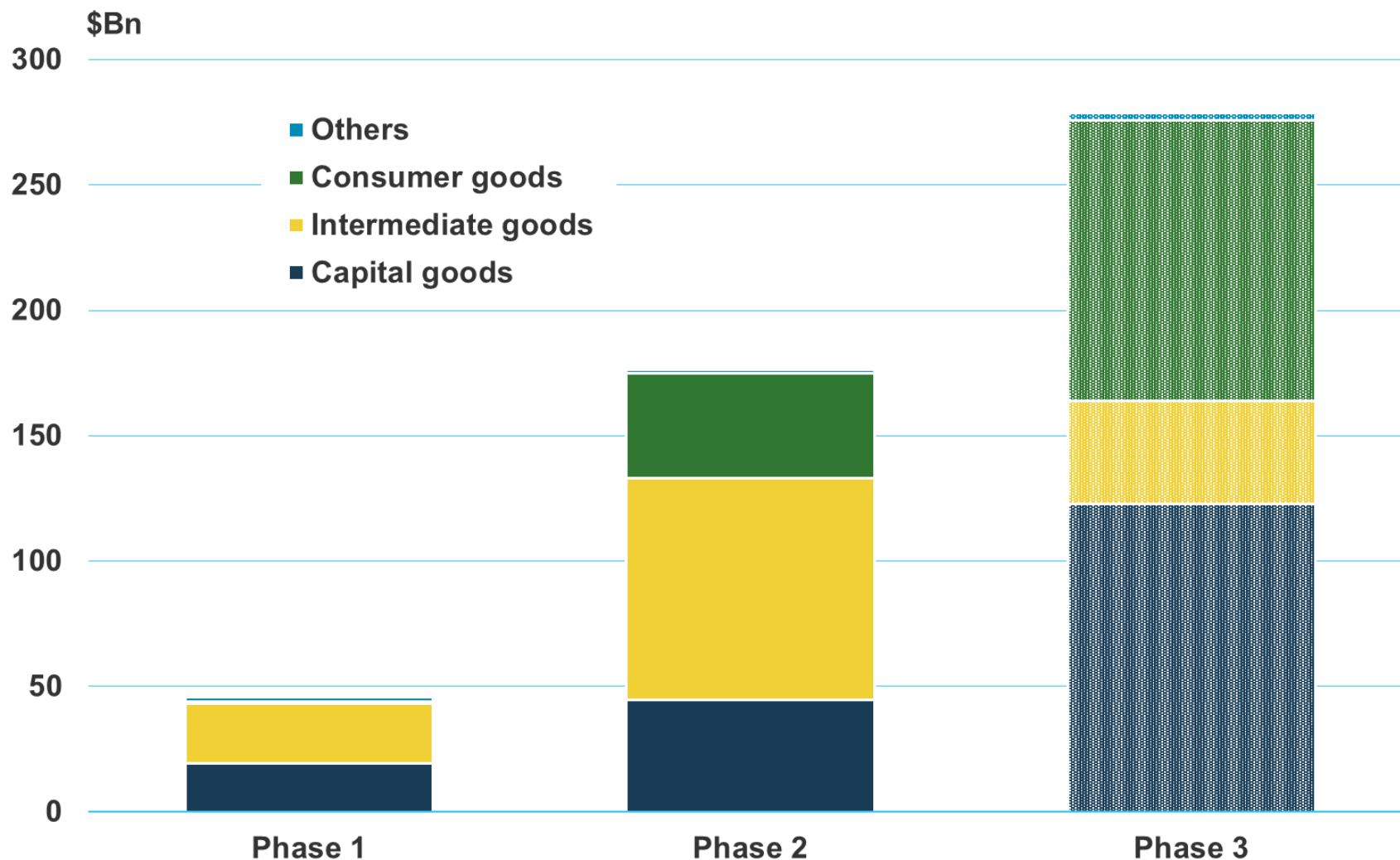


**2017 saw simultaneous growth in all trade groupings – for the first time since 2011**

# Container: Mainlane Trade Growth Q3 17 - Q3 18

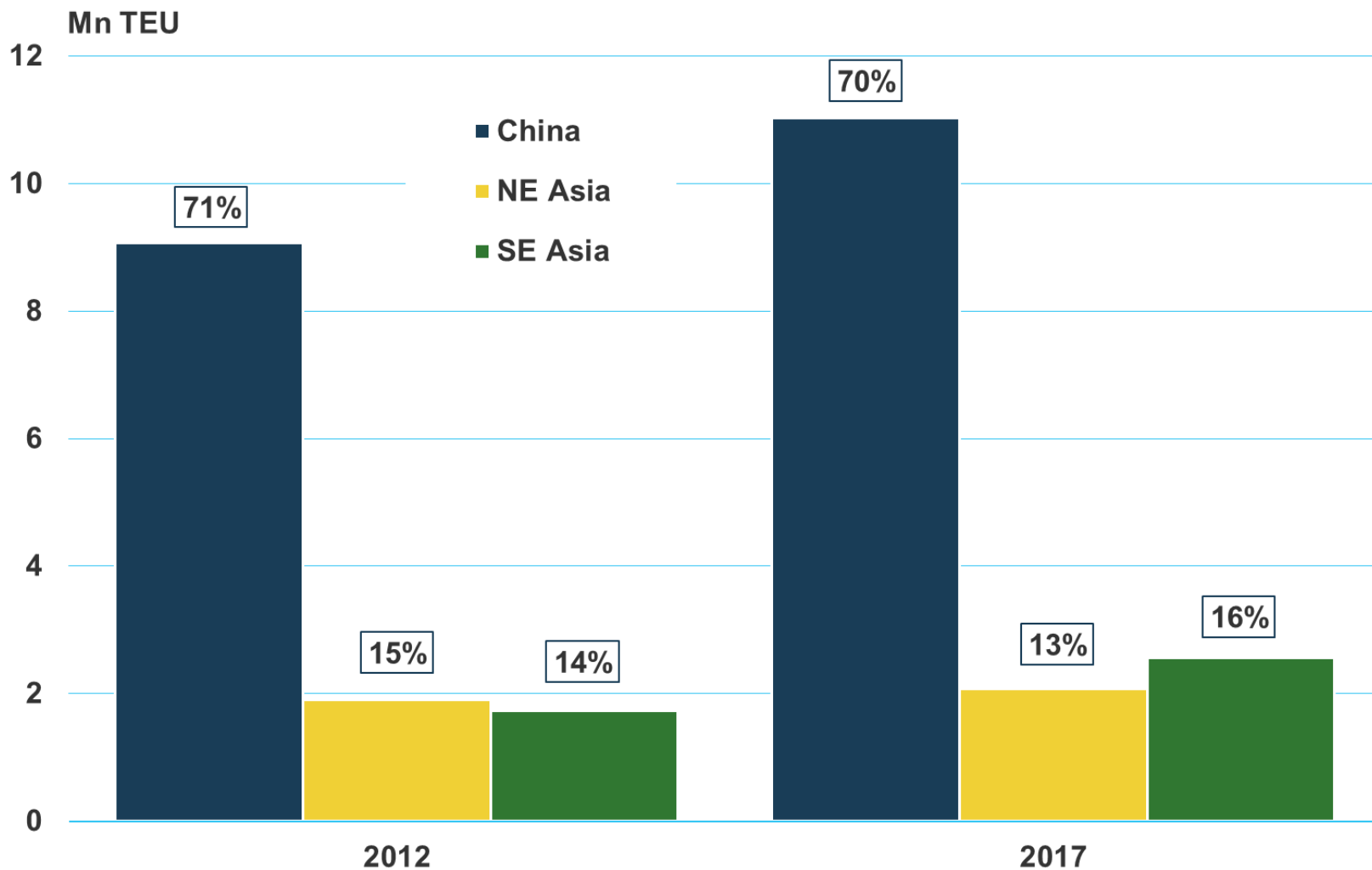


**Sharp slowdown on Asia-Europe headhaul since 2017 – other mainlanes stronger**



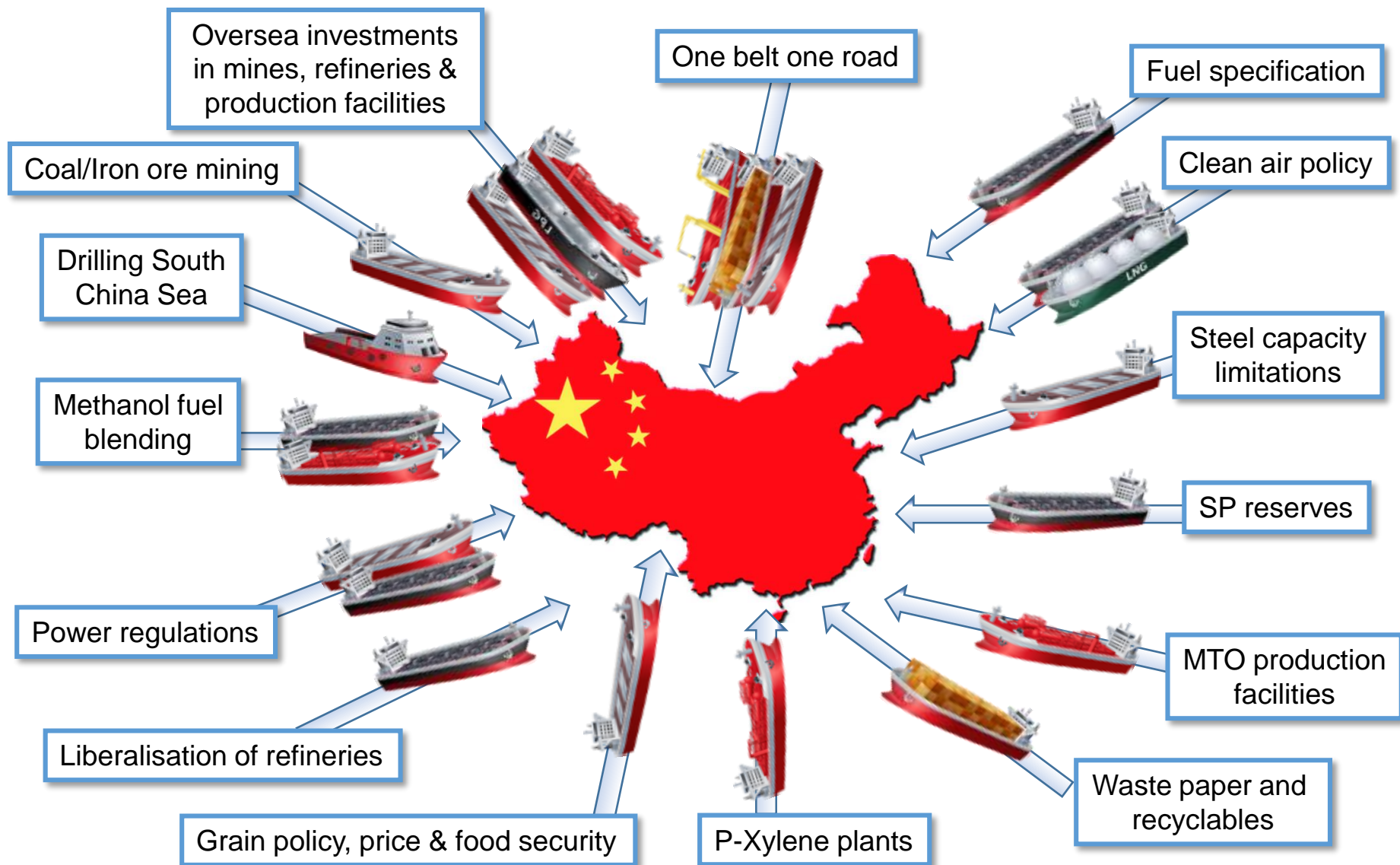
**Consumer goods in the line of fire if next tranche is implemented**

# Container: Sources of US imports from the Far East



# Chinese Pivotal Policies

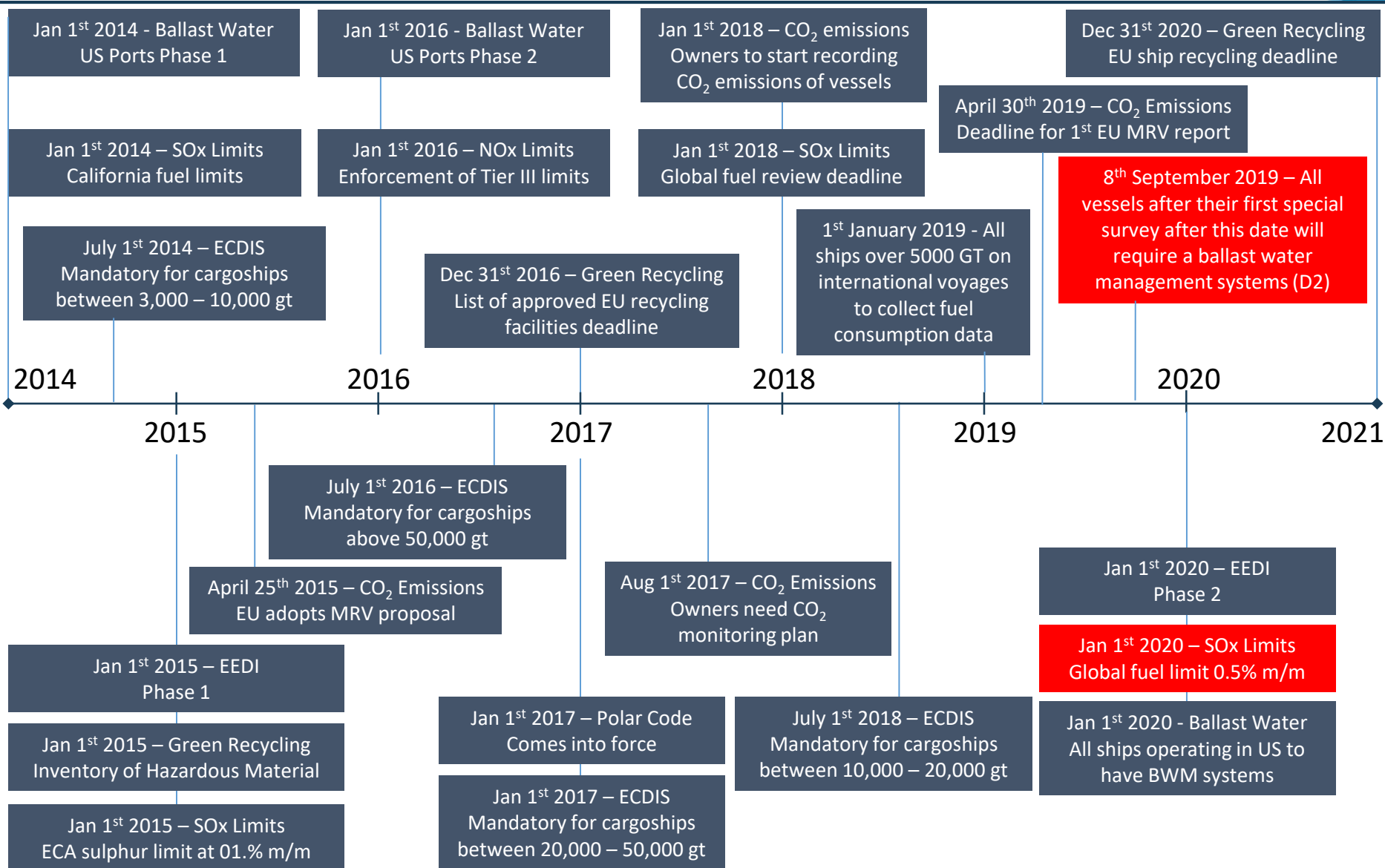
## – Demand Breakdown Risks & Rewards

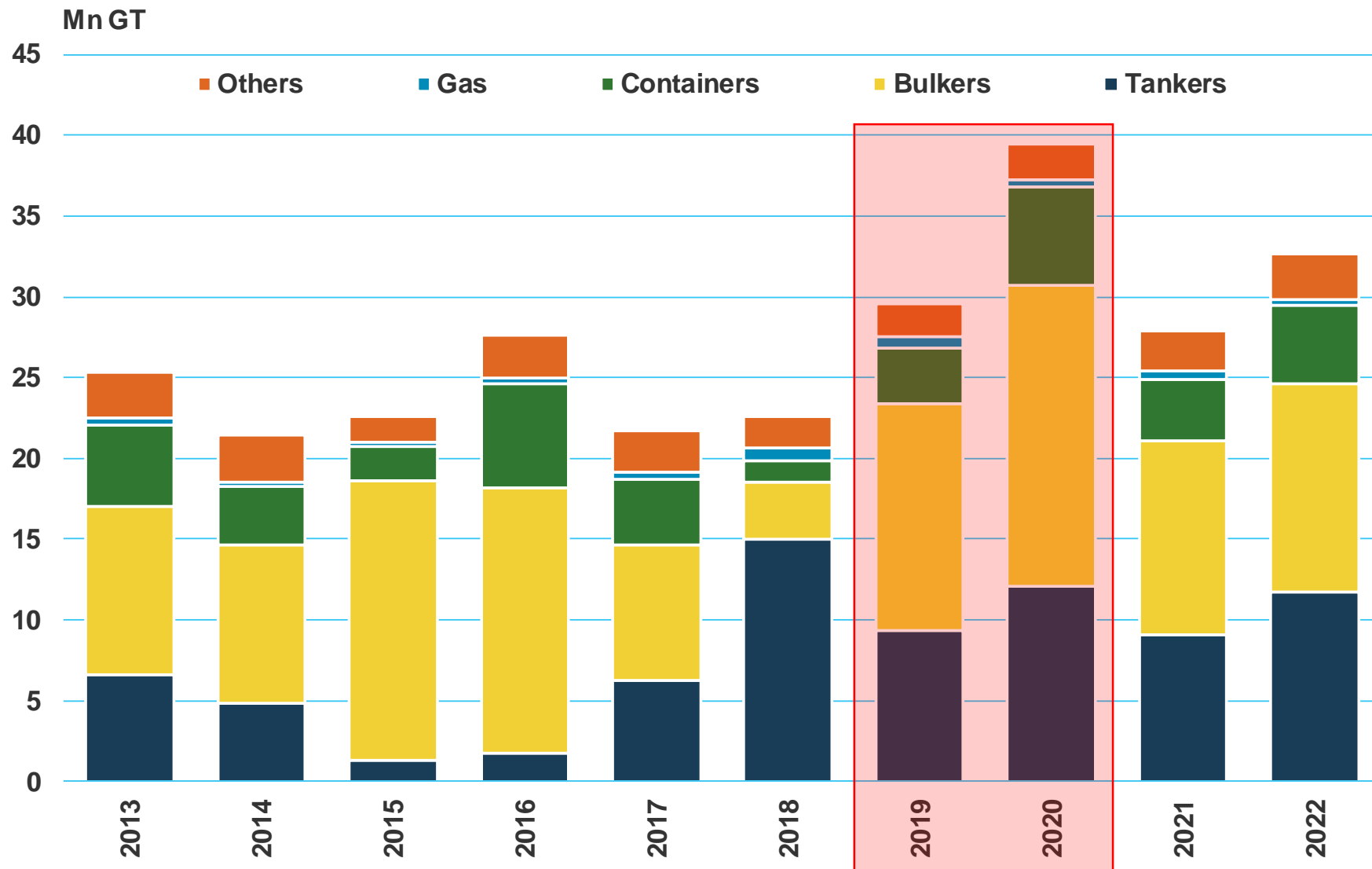


# Supply



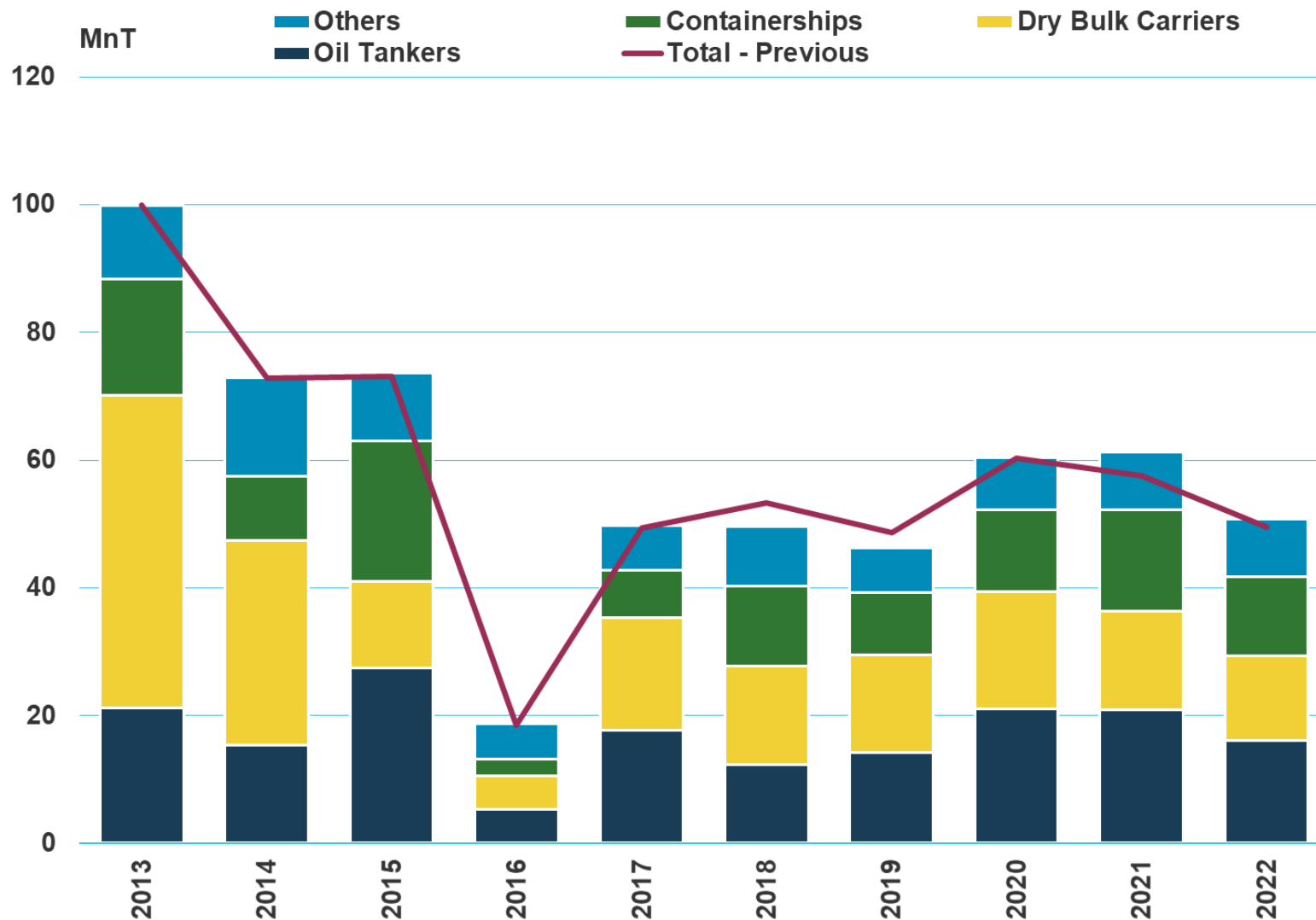
# Timeline of Confirmed Regulations



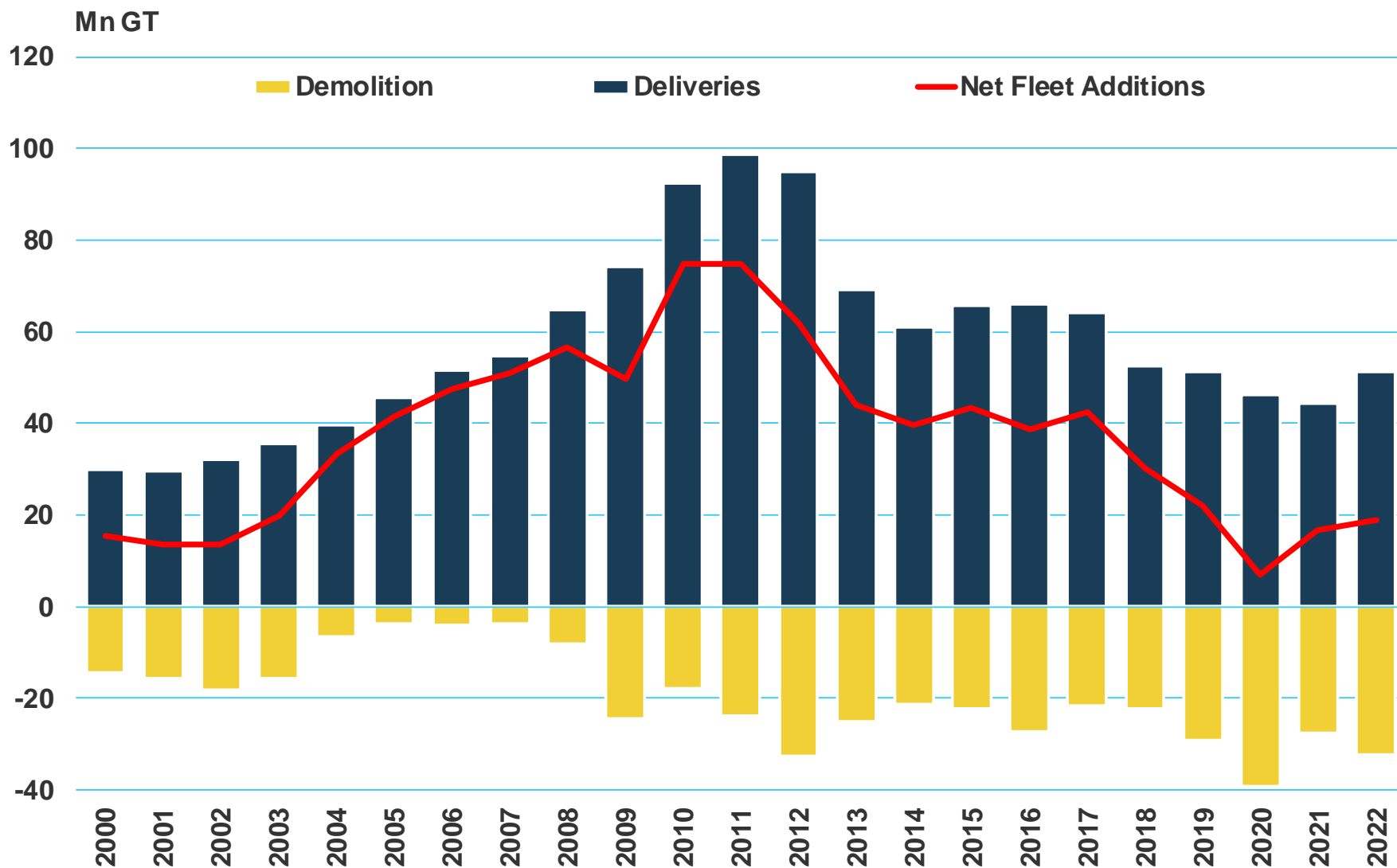




# Healthy Contracting Volumes to Continue



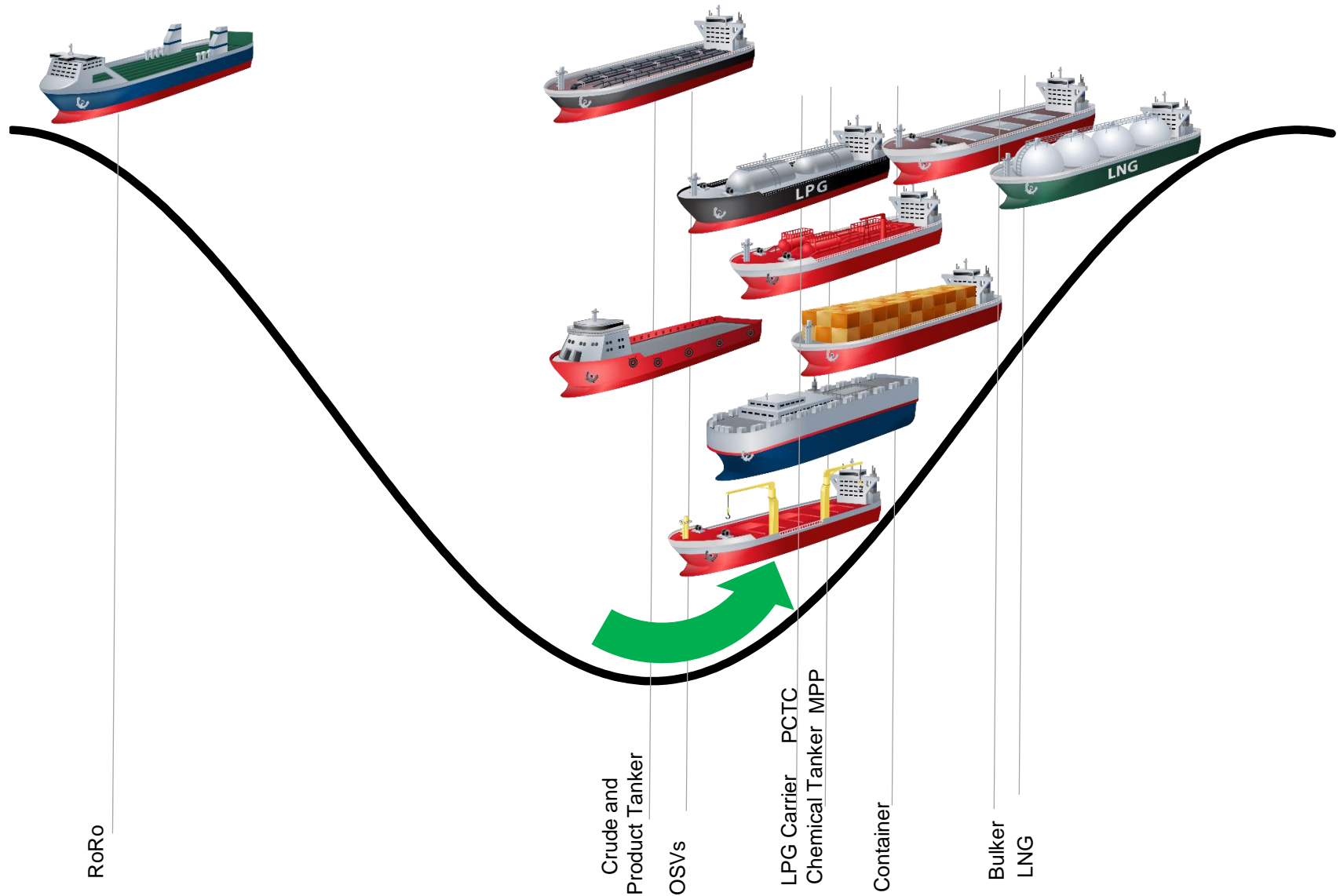
# Balanced Global Fleet Dynamics...at last



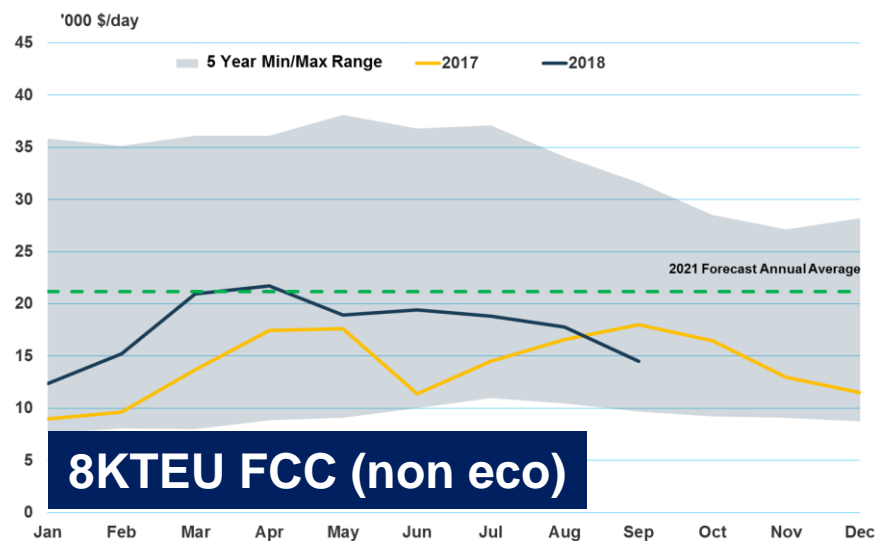
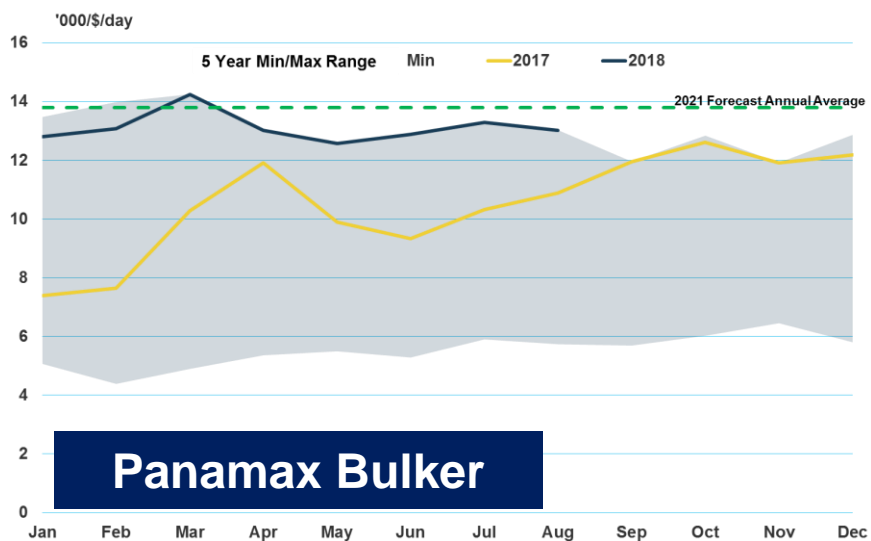
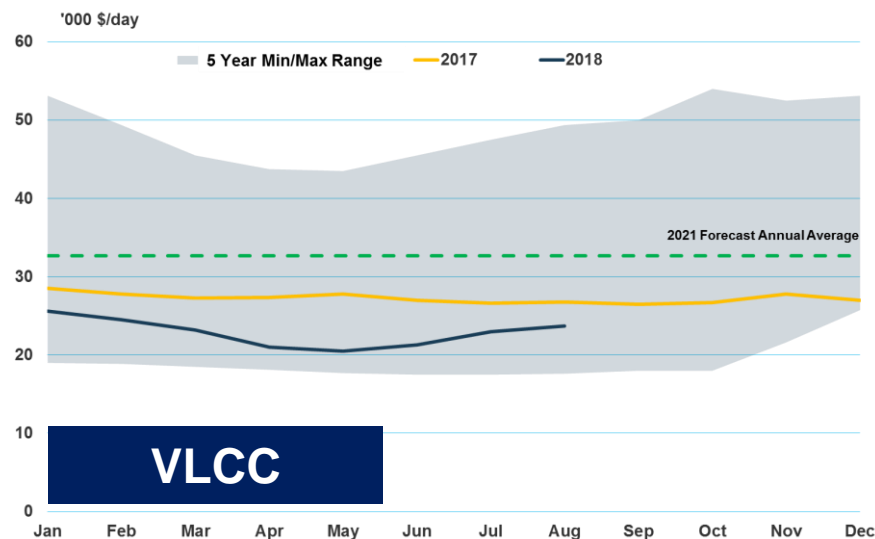
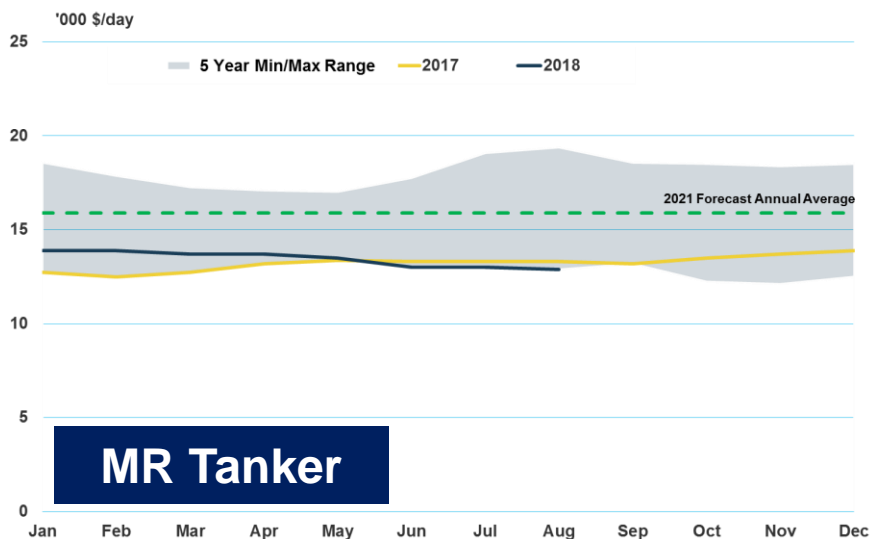
# Earnings



# Where on the Earnings Cycle Are We?



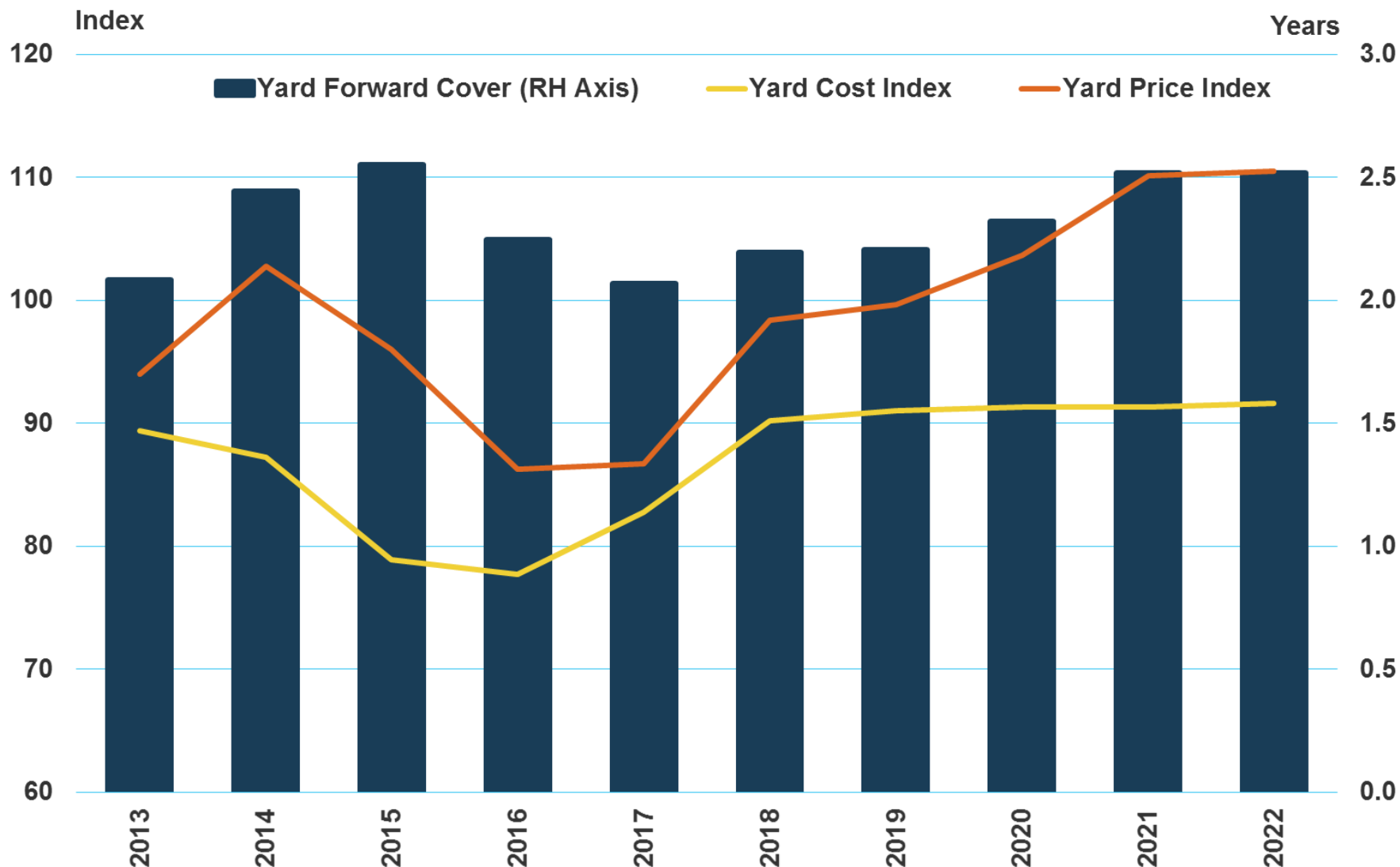
Schematic for illustrative purposes only!



# Newbuilding Prices





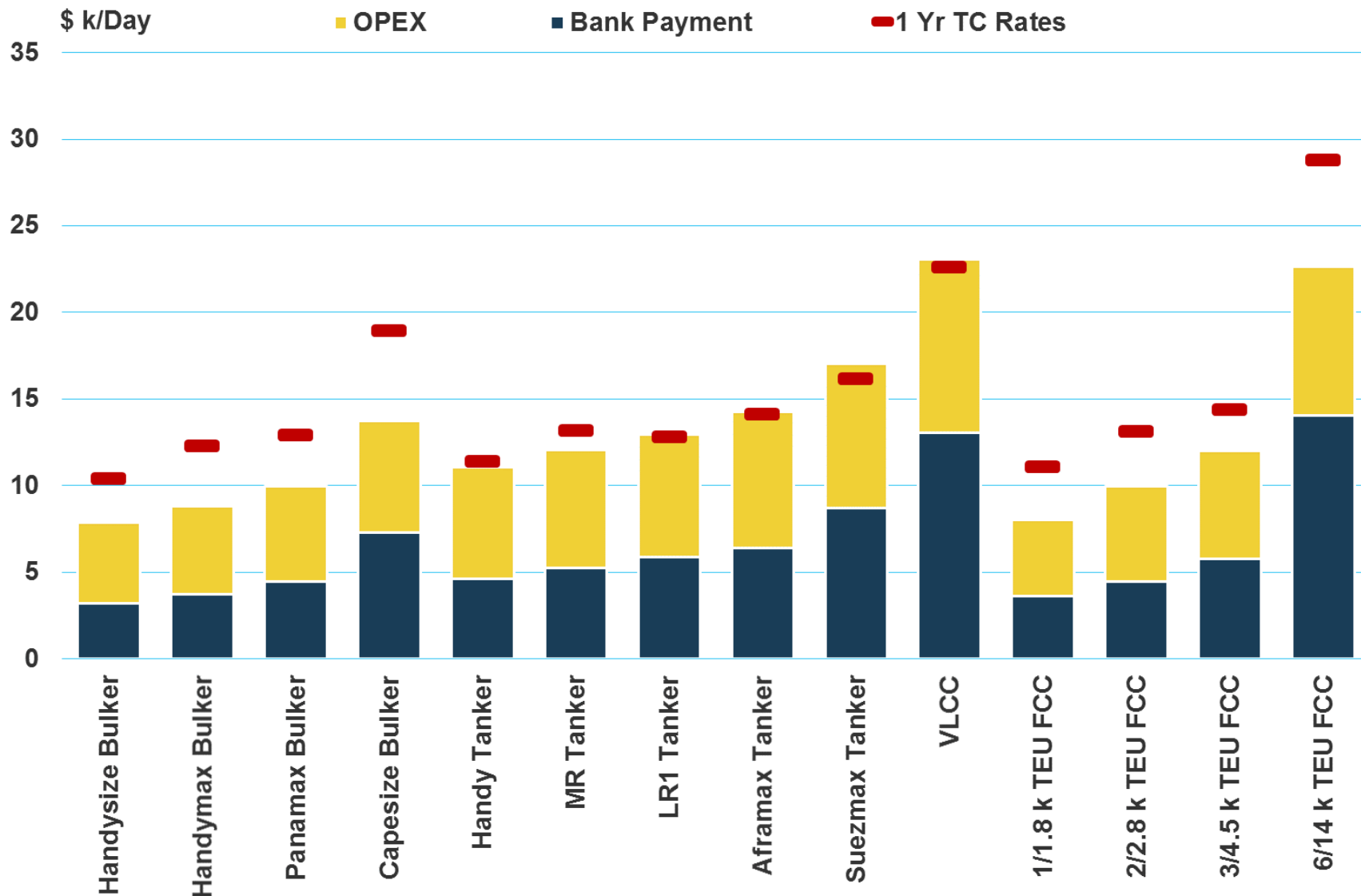


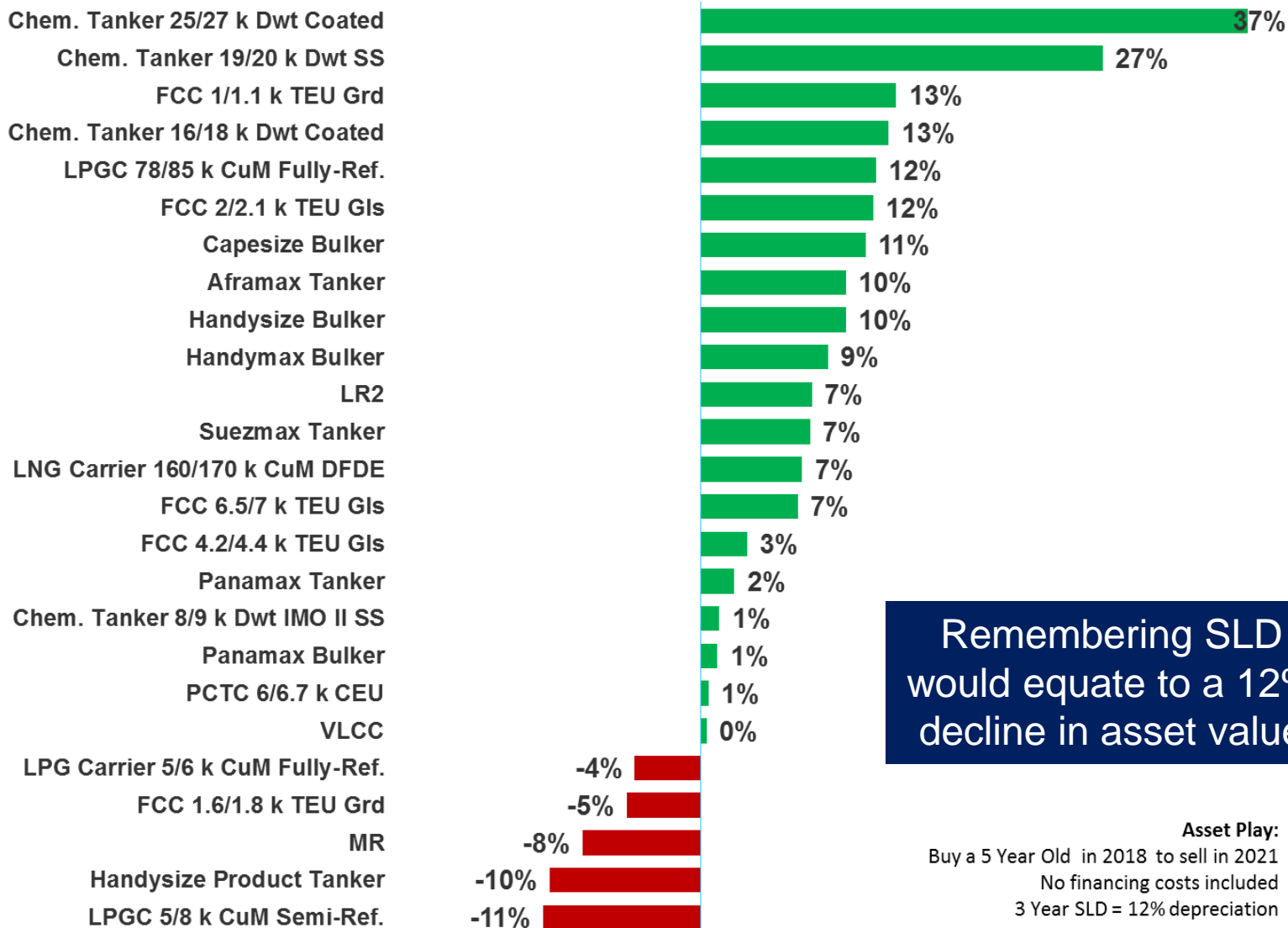


## Where are the Rewards?



# Break Evens (5yr old vessel)





Remembering SLD  
would equate to a 12%  
decline in asset value

**Asset Play:**  
Buy a 5 Year Old in 2018 to sell in 2021  
No financing costs included  
3 Year SLD = 12% depreciation

- Demand growth going forward at lower levels, though trade complexity and increasing tonne-miles will offset some of the slow down
- Supply side constraint - with scrapping at solid levels and ordering driven by replacement tonnage requirements
- Earnings on the increasing phase of the next cycle for most sectors
- Newbuilding price will carry on improving for remainder of the decade
- Secondhand prices will be driven up by both newbuilding and earnings improvements

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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.

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