



BARRY ROGLIANO SALLES

S H I P B R O K E R S S I N C E 1 8 5 6

« SHIPPING MARKET OUTLOOK »

for



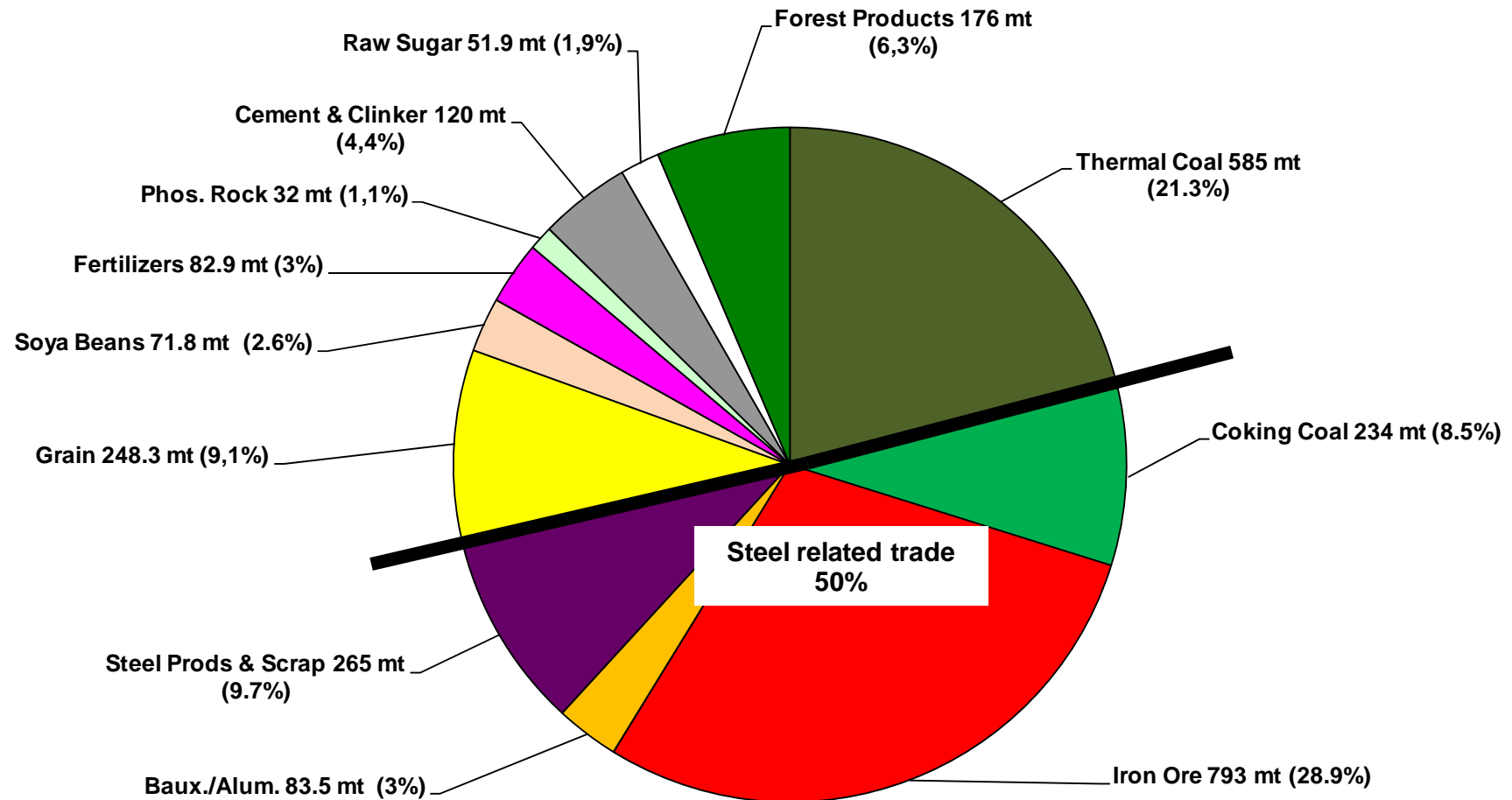
International Manganese Institute

June 2009



50% of dry bulk trade related to steel industry

WORLD DRY BULK SEABORNE TRADE 2008

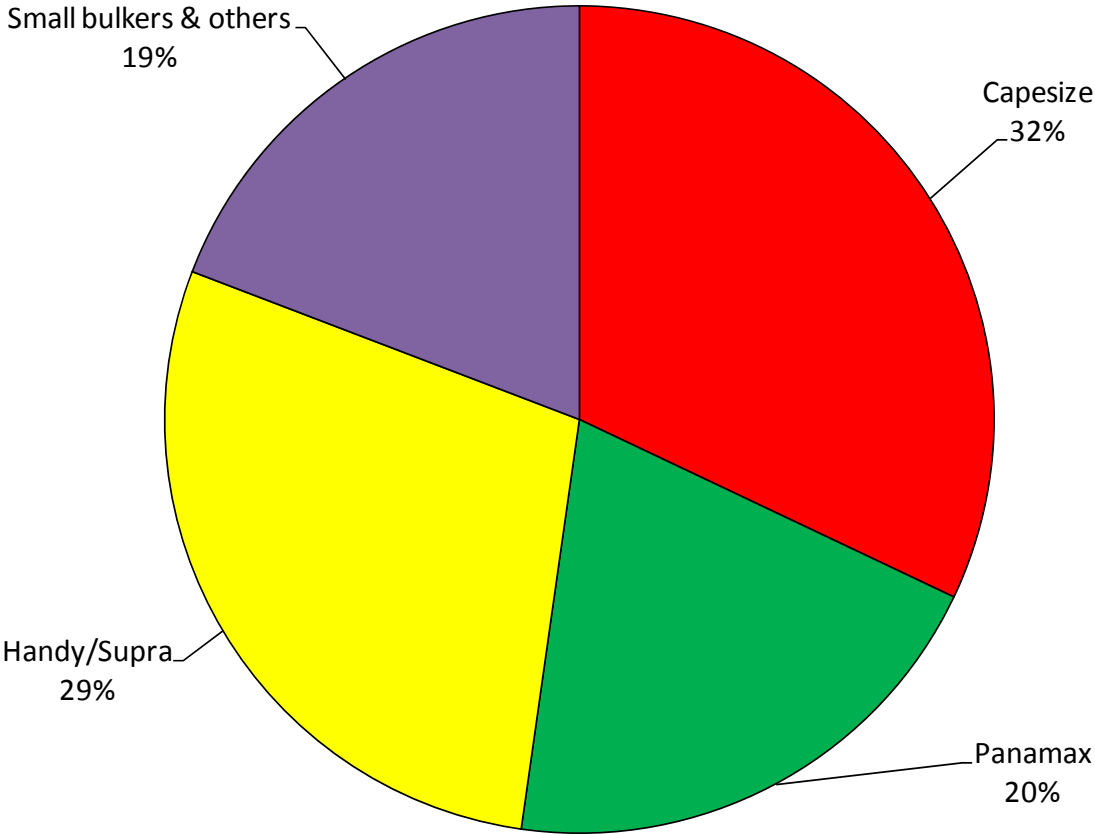


Nota: Thermal coal used to produce energy in the steel production process is not included in the 50%



32% of dry bulk trade carried in Capes

WORLD DRY BULK SEABORNE TRADE 2008 BY SHIP SIZE

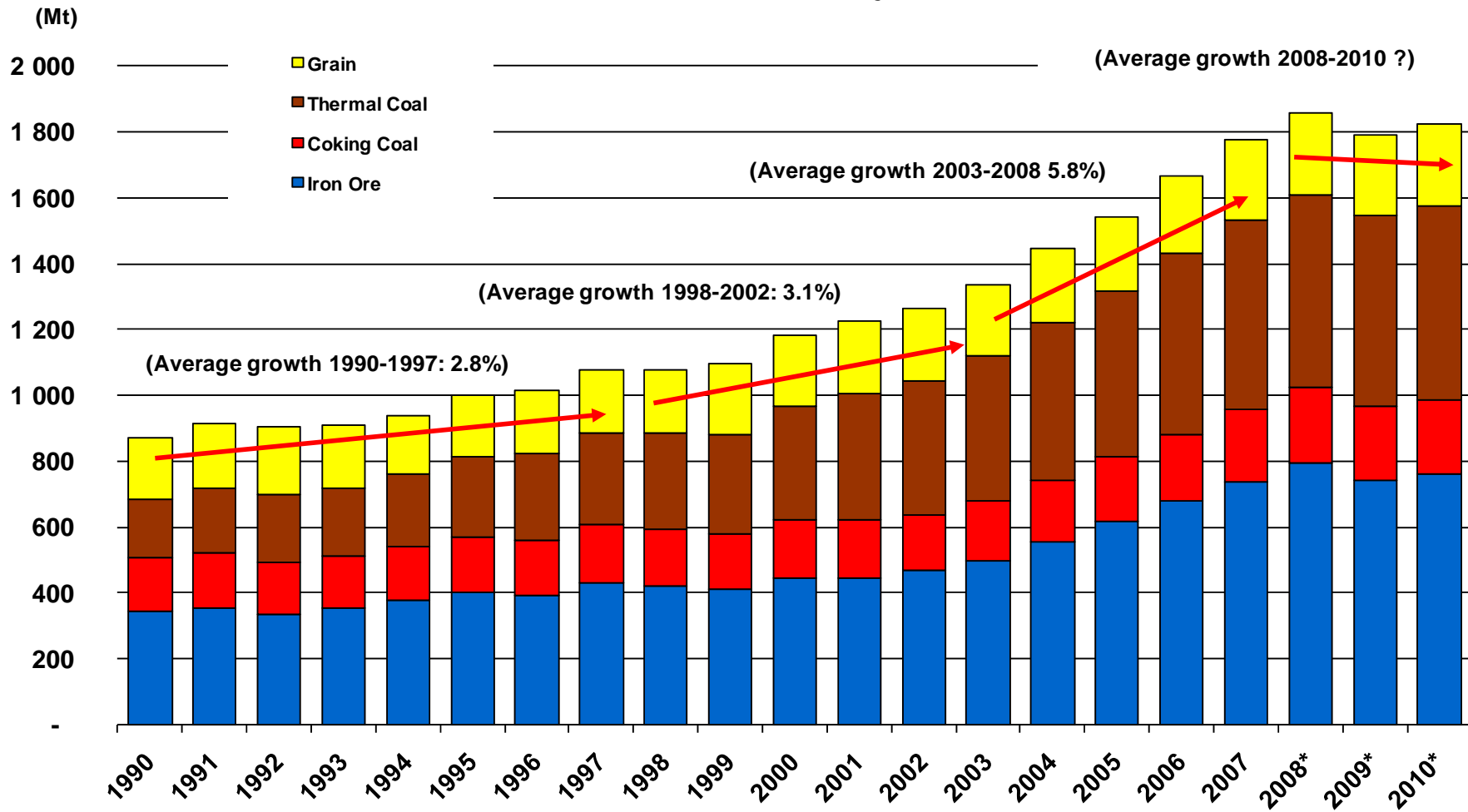


Capes carry
75% of Iron ore
& 45% of coal



No « super cycle » any more

DRY BULK SEABORNE TRADE - Major commodities

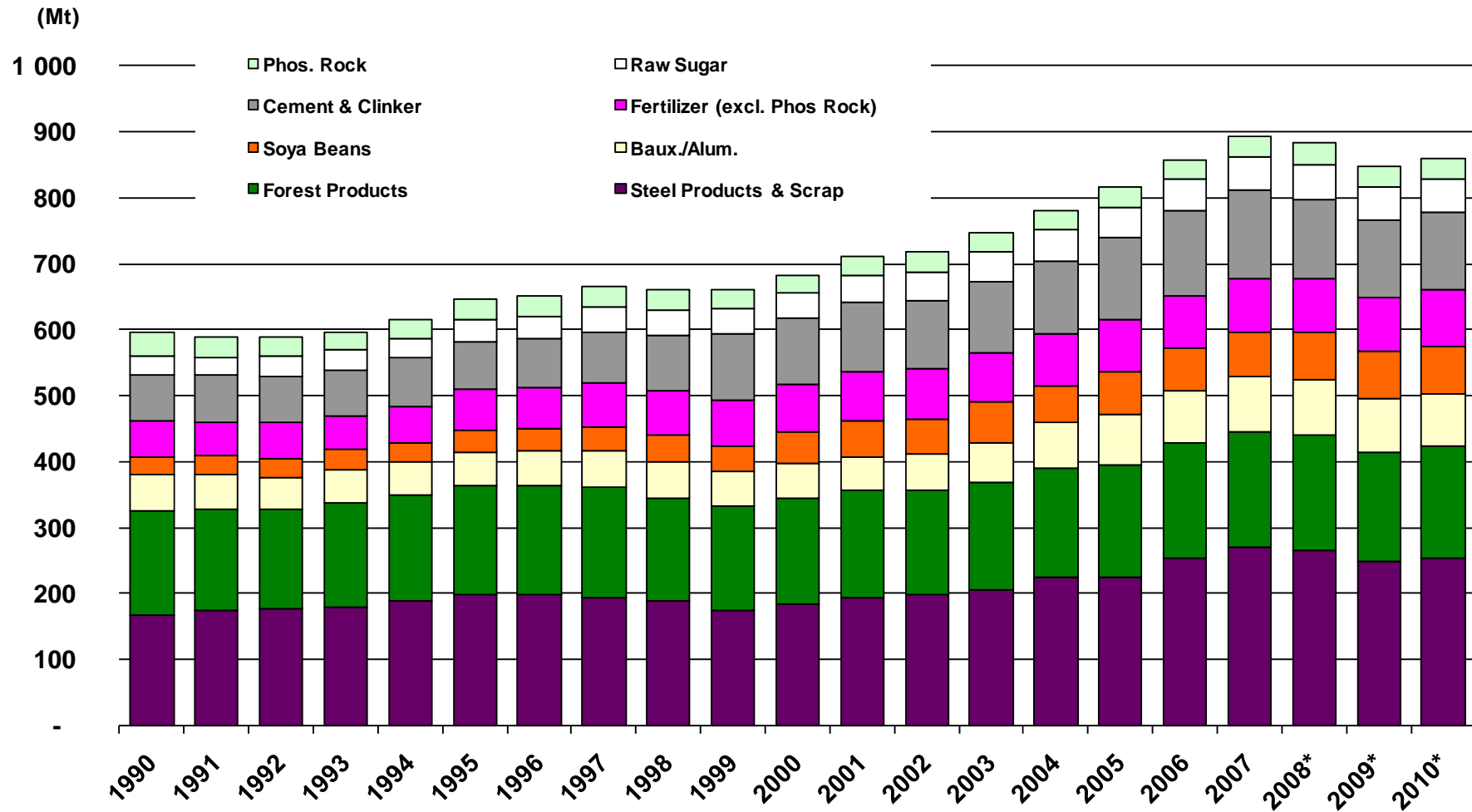


(* - Provisional)



No crisis-proof « niche market »

DRY BULK SEABORNE TRADE - Minor commodities

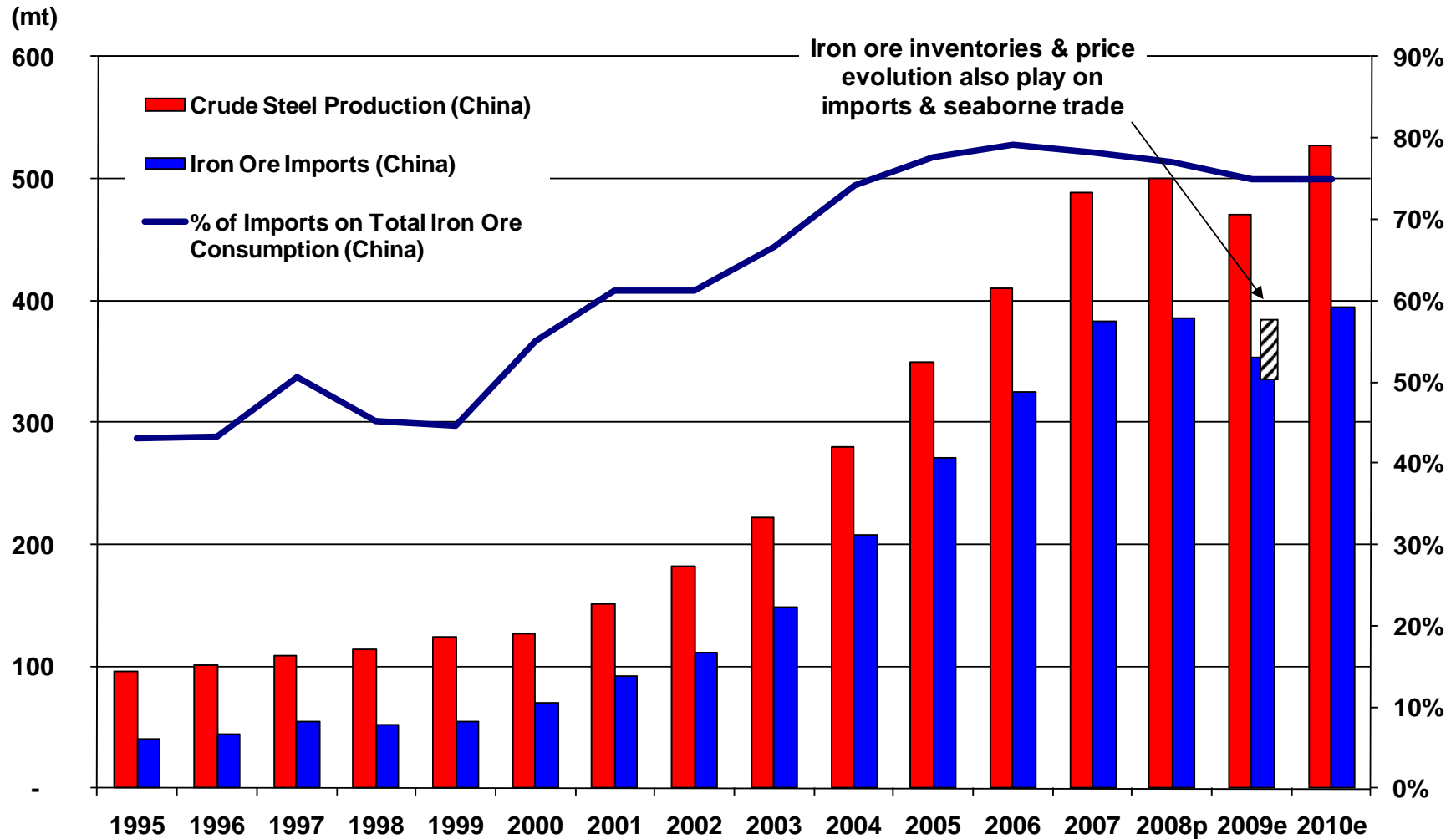


(* - Provisional)



Iron ore inventories to play major role

CHINESE CRUDE STEEL PRODUCTION vs IRON ORE IMPORTS TO 2010

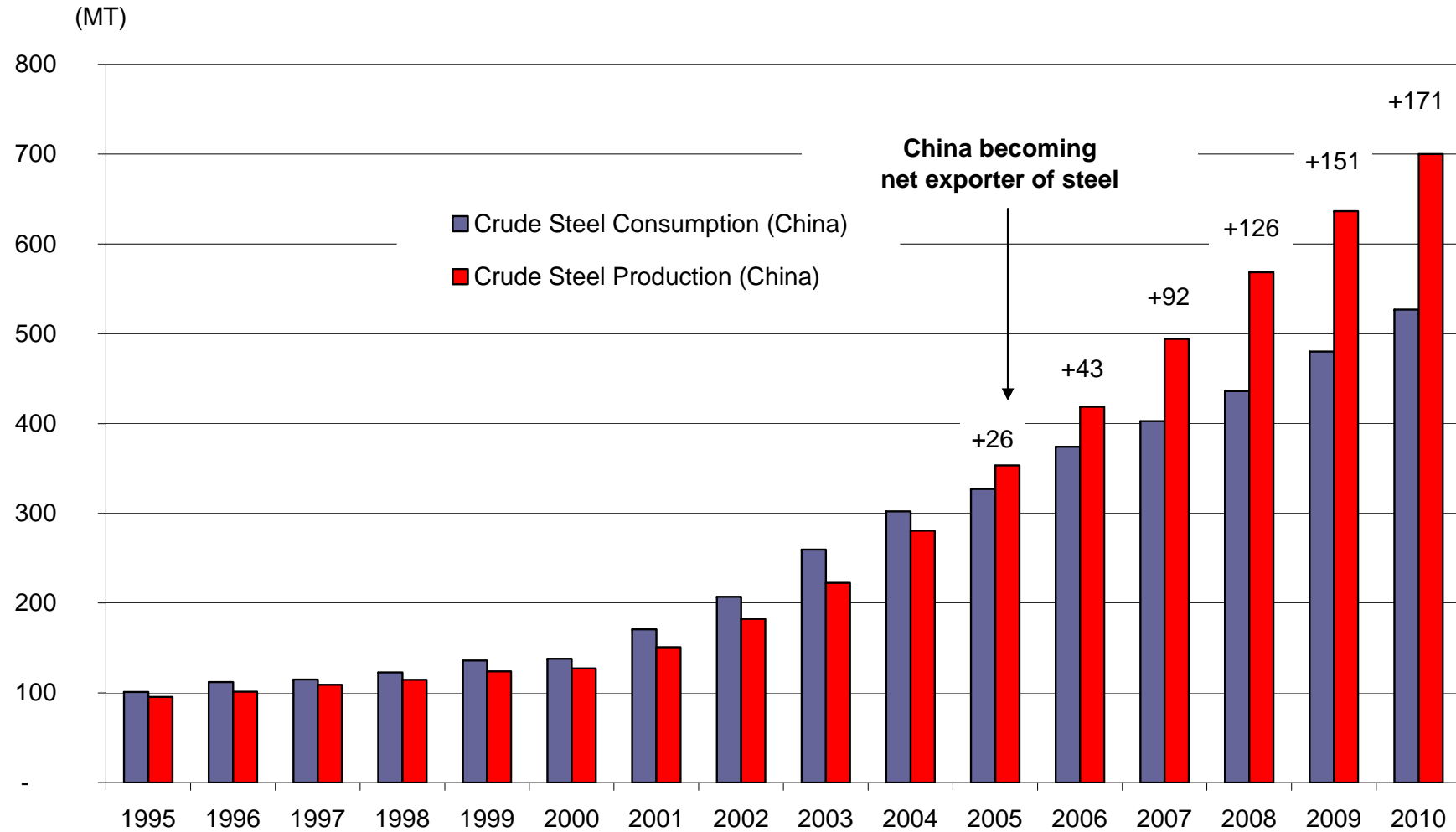


Based on World Steel Association, CISA, IMF & other official sources



Compared to mid-2007!

CHINA CRUDE STEEL PRODUCTION vs CONSUMPTION UNTIL 2010

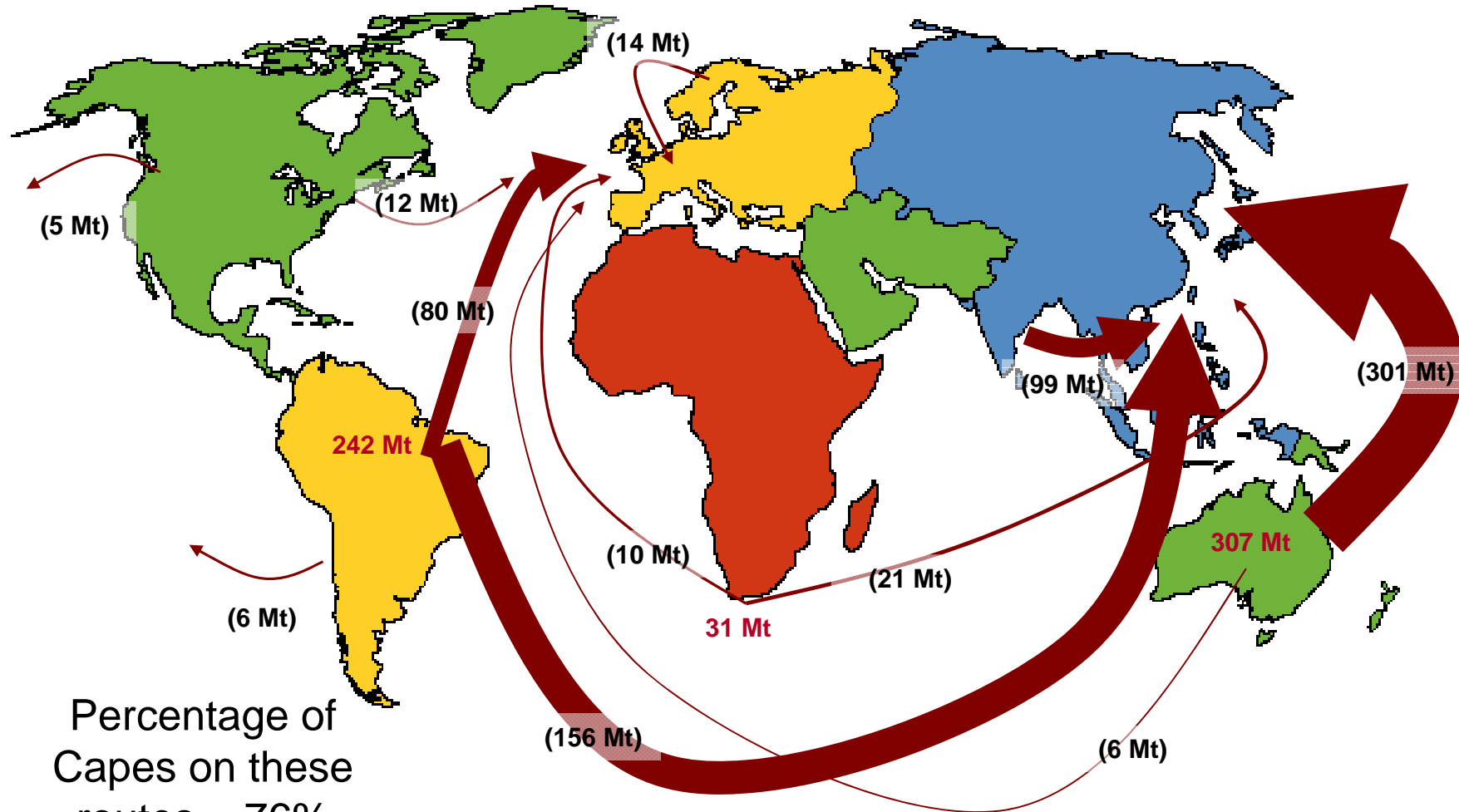


Based on World Steel Association, CISA, IMF & other official sources



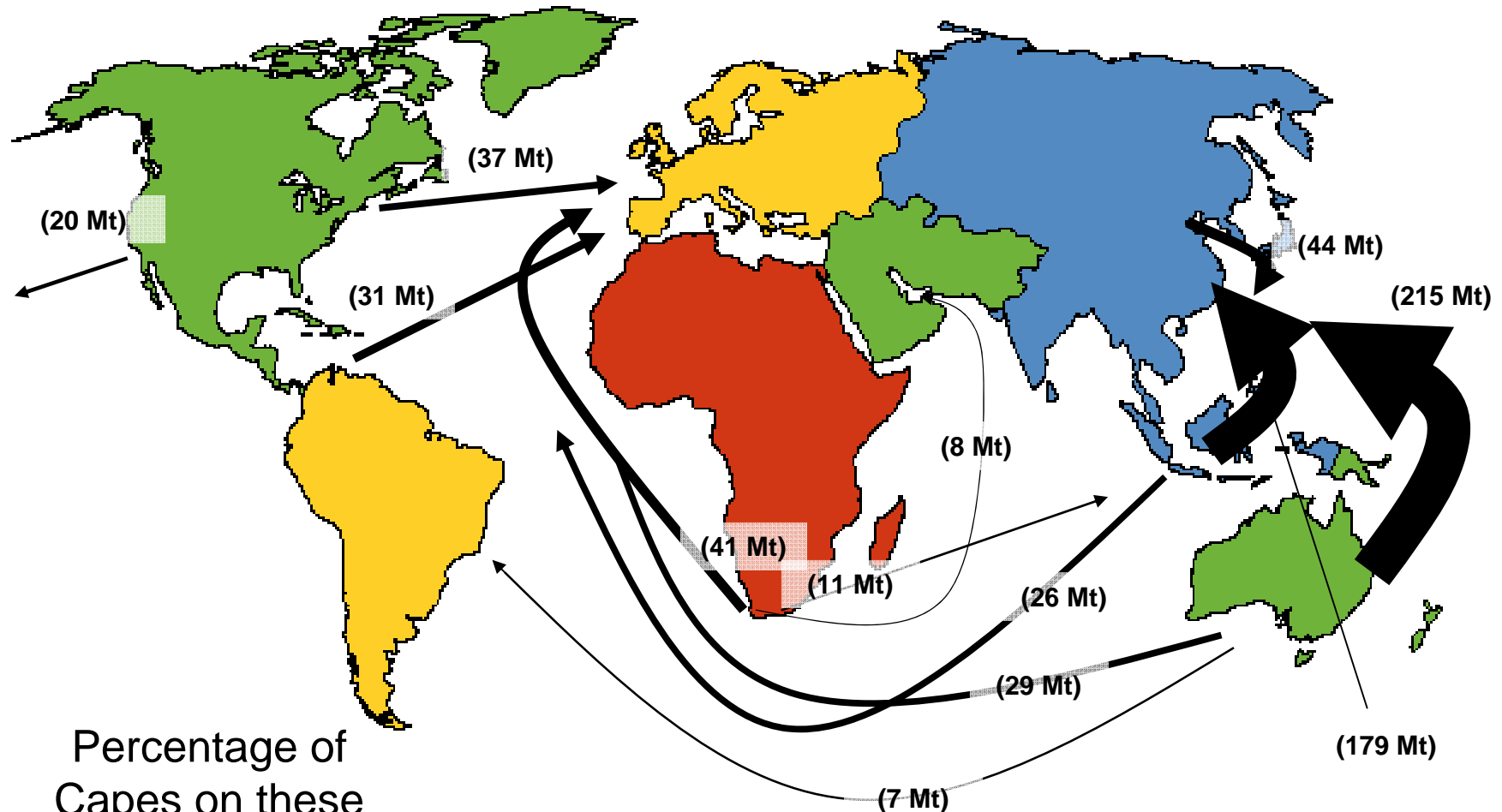
Major Iron Ore Export Routes in 2008

= 95% of world iron ore shipping market



Major Coal Export Routes in 2008

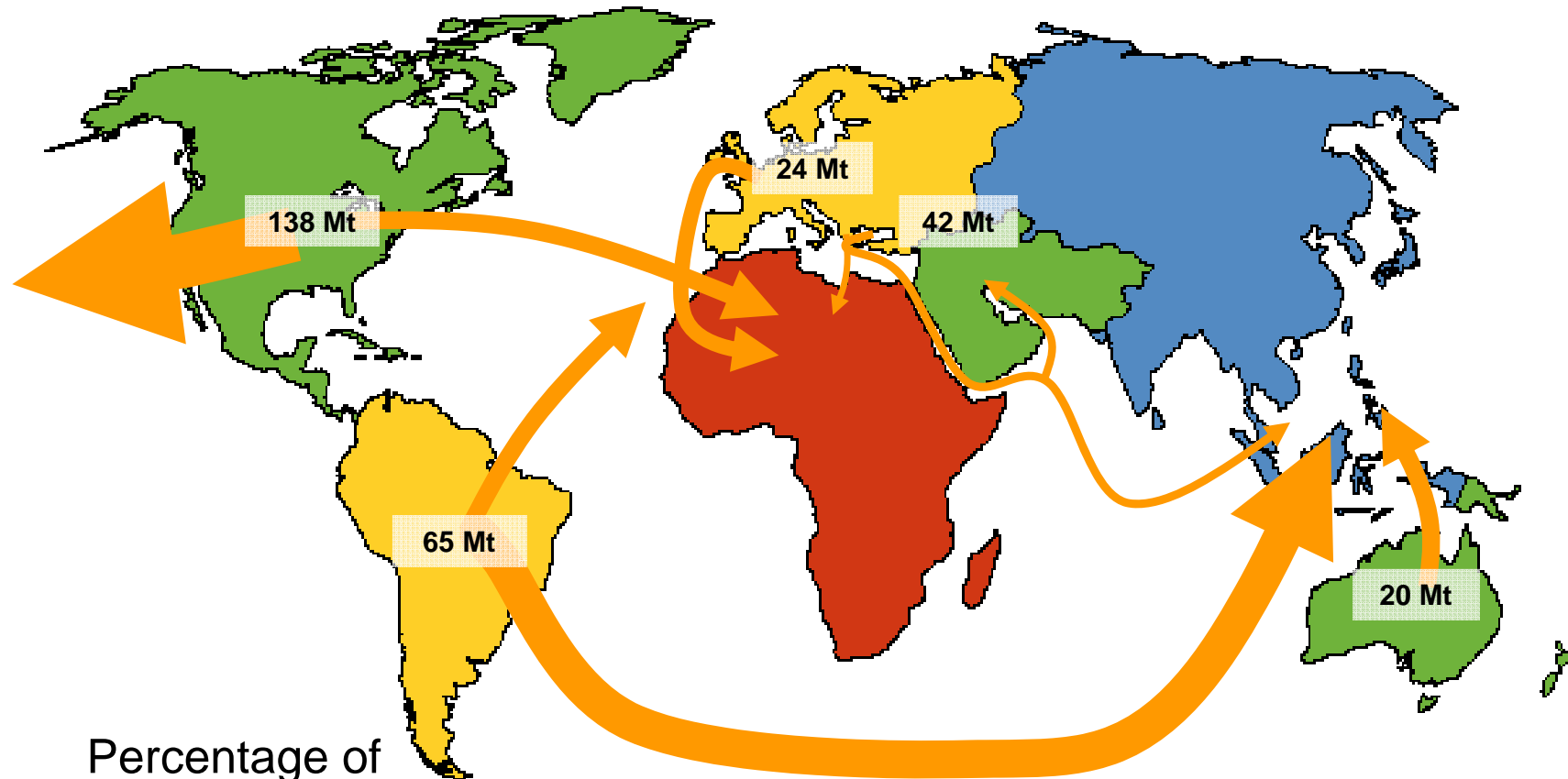
86% of world coal shipping market



Percentage of Capes on these routes = 45%

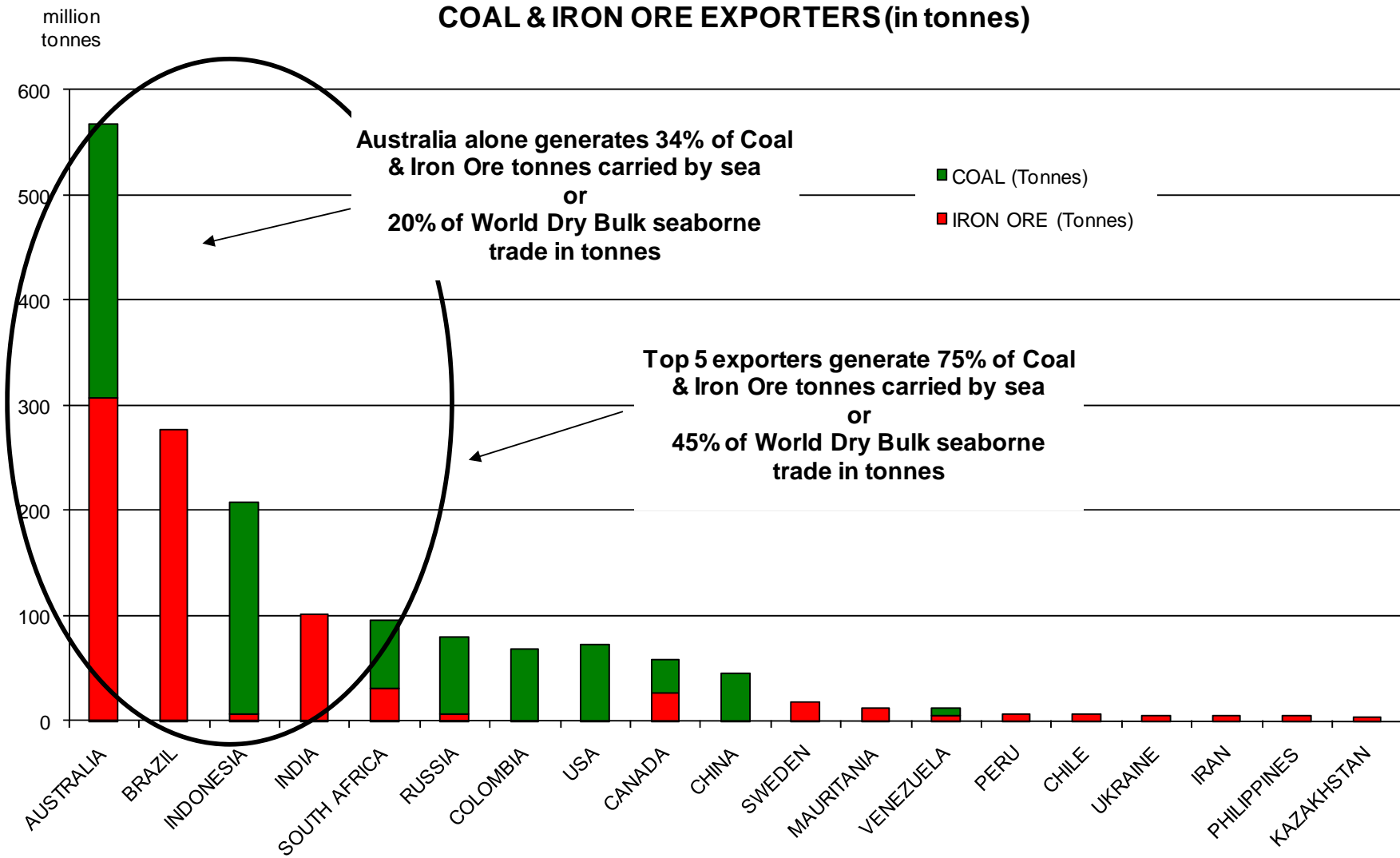
Major Grain Routes

85% of world grain shipping market

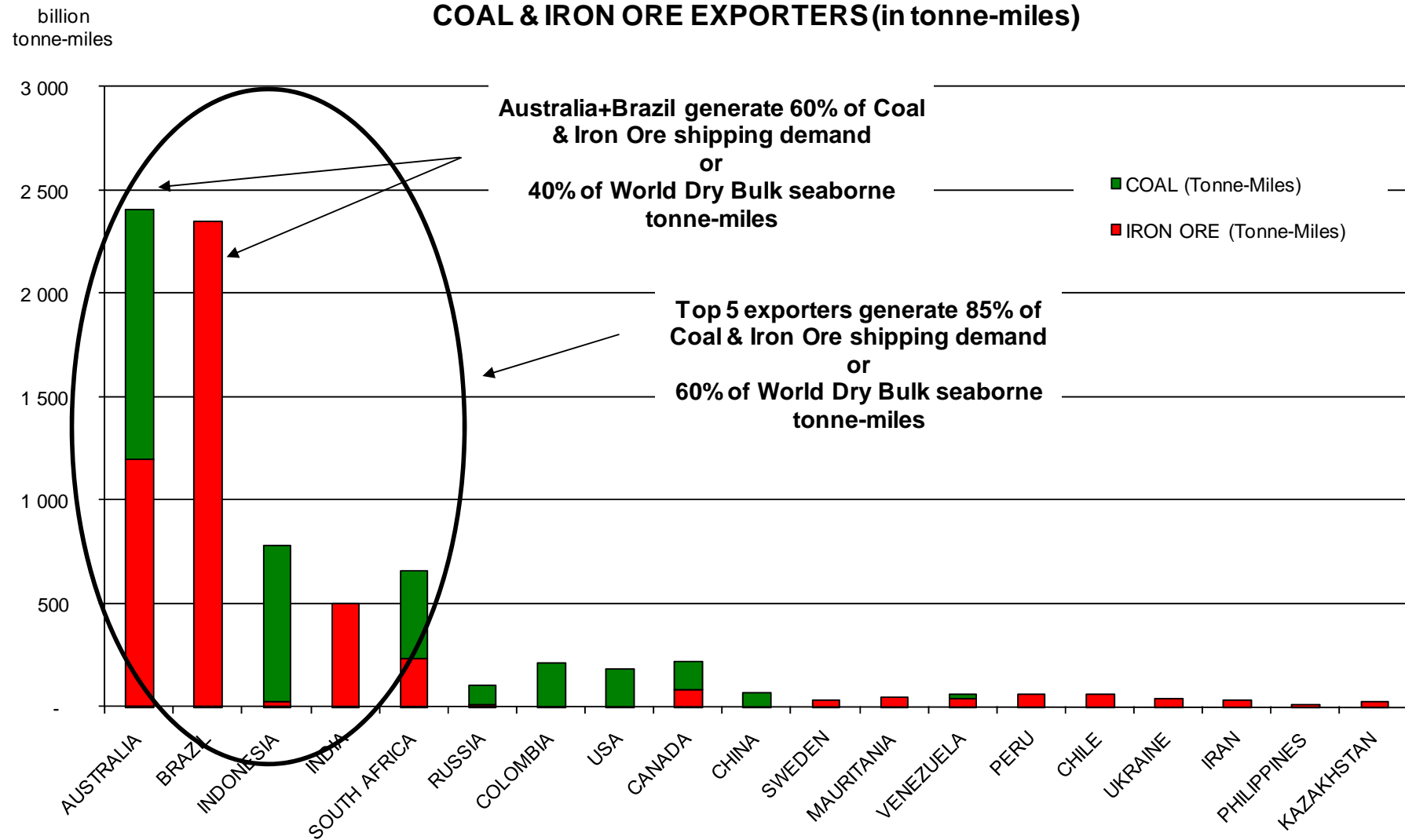


Percentage of Capes on these routes = 0%

Dry bulk export market highly concentrated

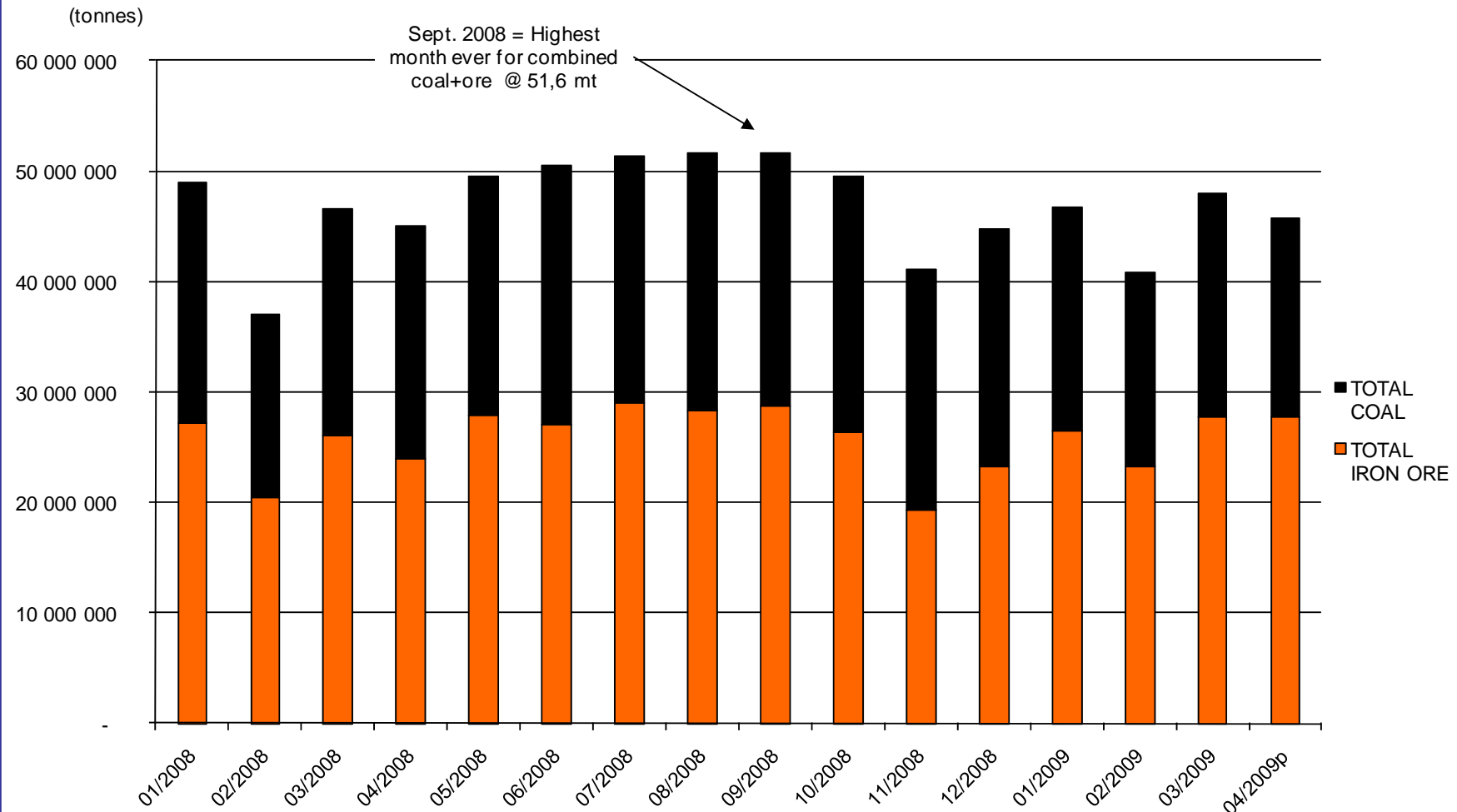


Dry bulk shipping dominated by two exporters



Australia is a key exporter

AUSTRALIAN COAL & IRON ORE EXPORTS BY MONTH SINCE Jan. 2008



(Source: Austr. Bur. of Stat. Apr. 09 are provisional)

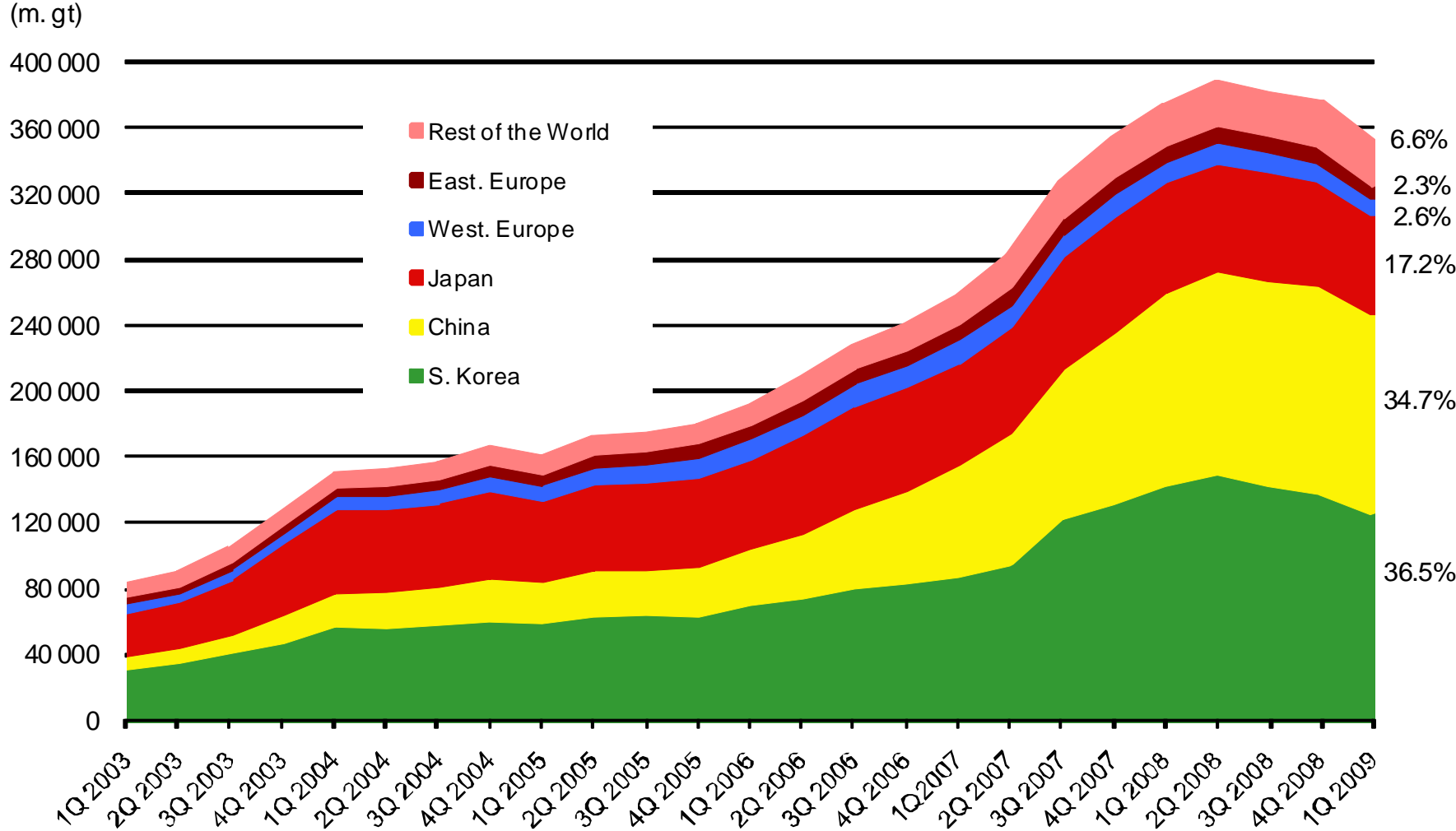


DRY BULK FLEET EVOLUTION



Almost no new orders since Oct. 09

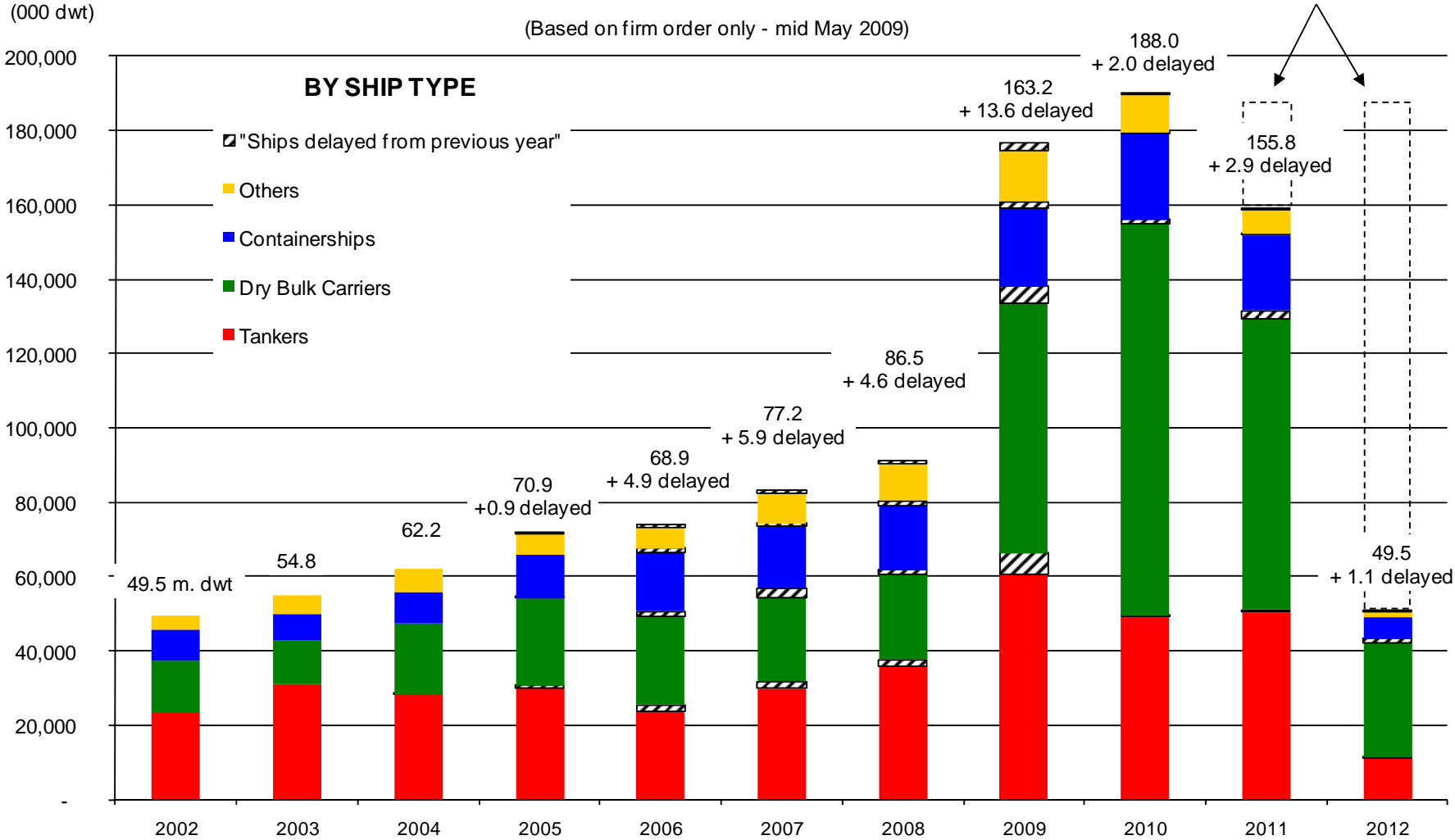
Quarterly Evolution of World Orderbook by Shipbuilding Area since 2003



Delivery slippage increasing ...

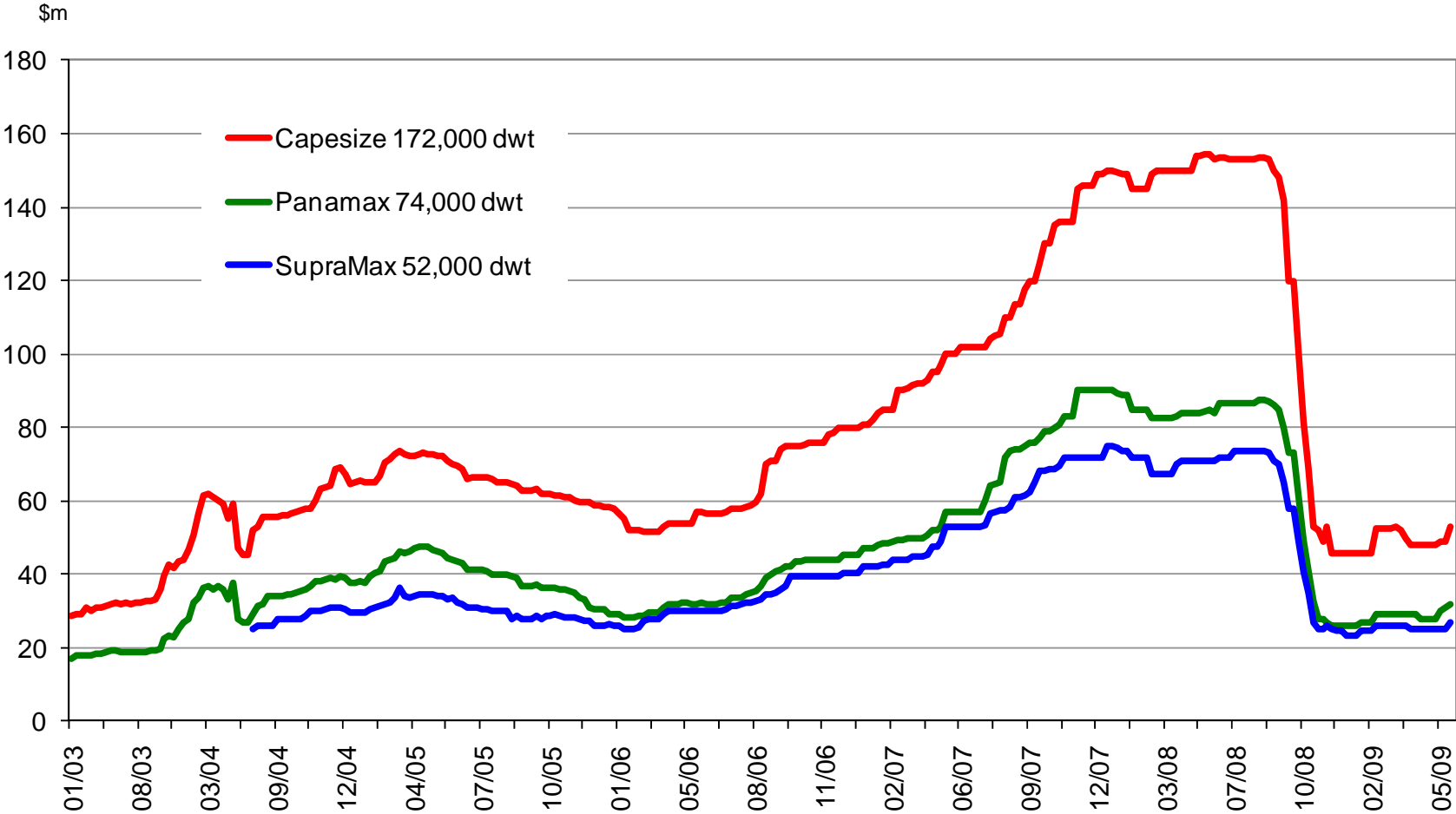
SHIPYARDS OUTPUT BY SHIP TYPE TO 2012

Available yards' capacity ?



Second-hand values rising again

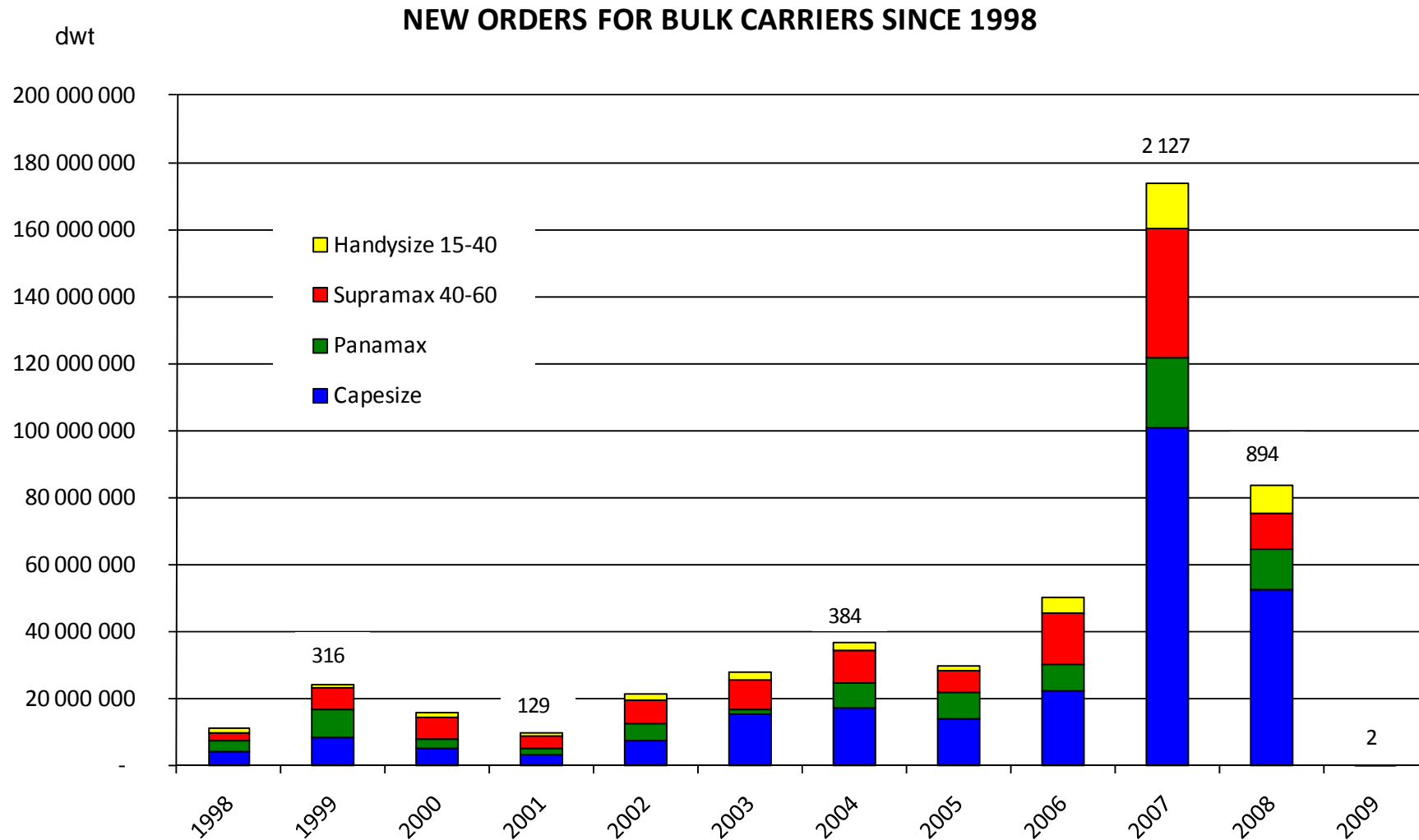
Dry Bulk Carriers Second-Hand Prices



Source: BASVA



2007 record high vs 2009 record low?



A massive orderbook

Dry Bulk Fleet Breakdown

01/06/2009

(Source: BRS)

Number of ships

	< 5 yrs	5-9 yrs	10-14 yrs	15-19 yrs	20-24 yrs	>25 yrs	Total	On order (% of fleet)
VLOC	14	3	3	29	14	1	64	183%
Capesize	233	133	163	127	83	47	786	76%
Small Cape	66	25	19	18	11	10	149	209%
Panamax	384	302	297	133	133	242	1 491	31%
Supramax	525	339	373	118	233	165	1 753	56%
Handysize	274	188	250	78	367	662	1 819	42%
Total	1496	990	1105	503	841	1127	6062	53%



A lot of ships for delivery 2009/2010

Dry Bulk Orderbook

01/06/2009

(Source: BRS)

Number of ships

	2009 (deliv.)	2009	2010	2011	2012	2013	2014+	Total on order
VLOC	(3)	14	23	45	30	5		117
Capesize	(20)	133	270	129	45	14	6	597
Small Cape	(6)	46	107	112	37	10		312
Panamax	(25)	66	179	134	58	21	4	462
Supramax	(71)	273	354	271	66	13	1	978
Handysize	(33)	218	249	203	79	12	1	762
Total	(158)	750	1182	894	315	75	12	3228

VLOC: >220k dwt

Panamax: 60-83k dwt & <=32,3 bm

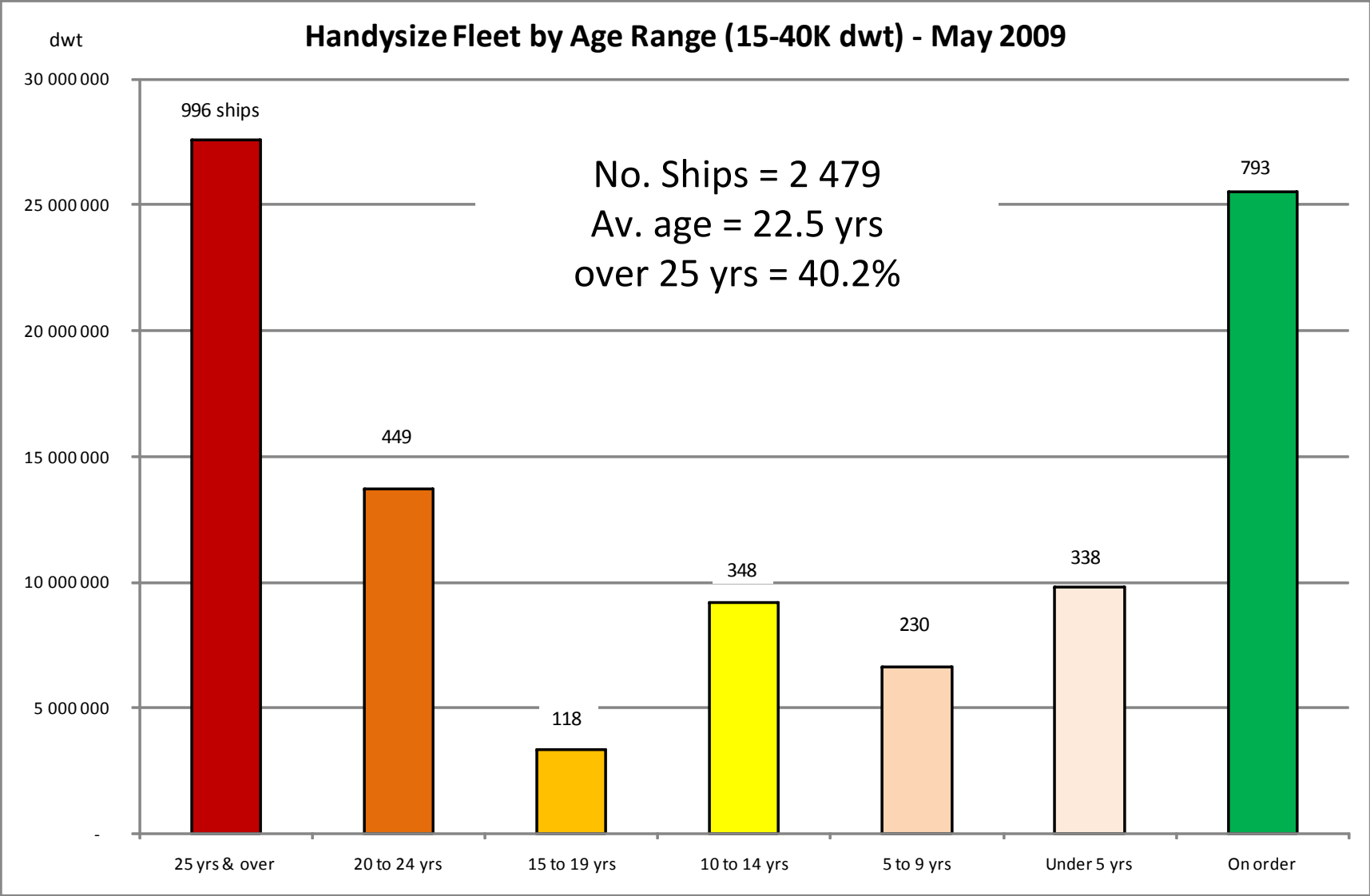
Cape: 120-219k dwt

Supramax: 40-60k dwt

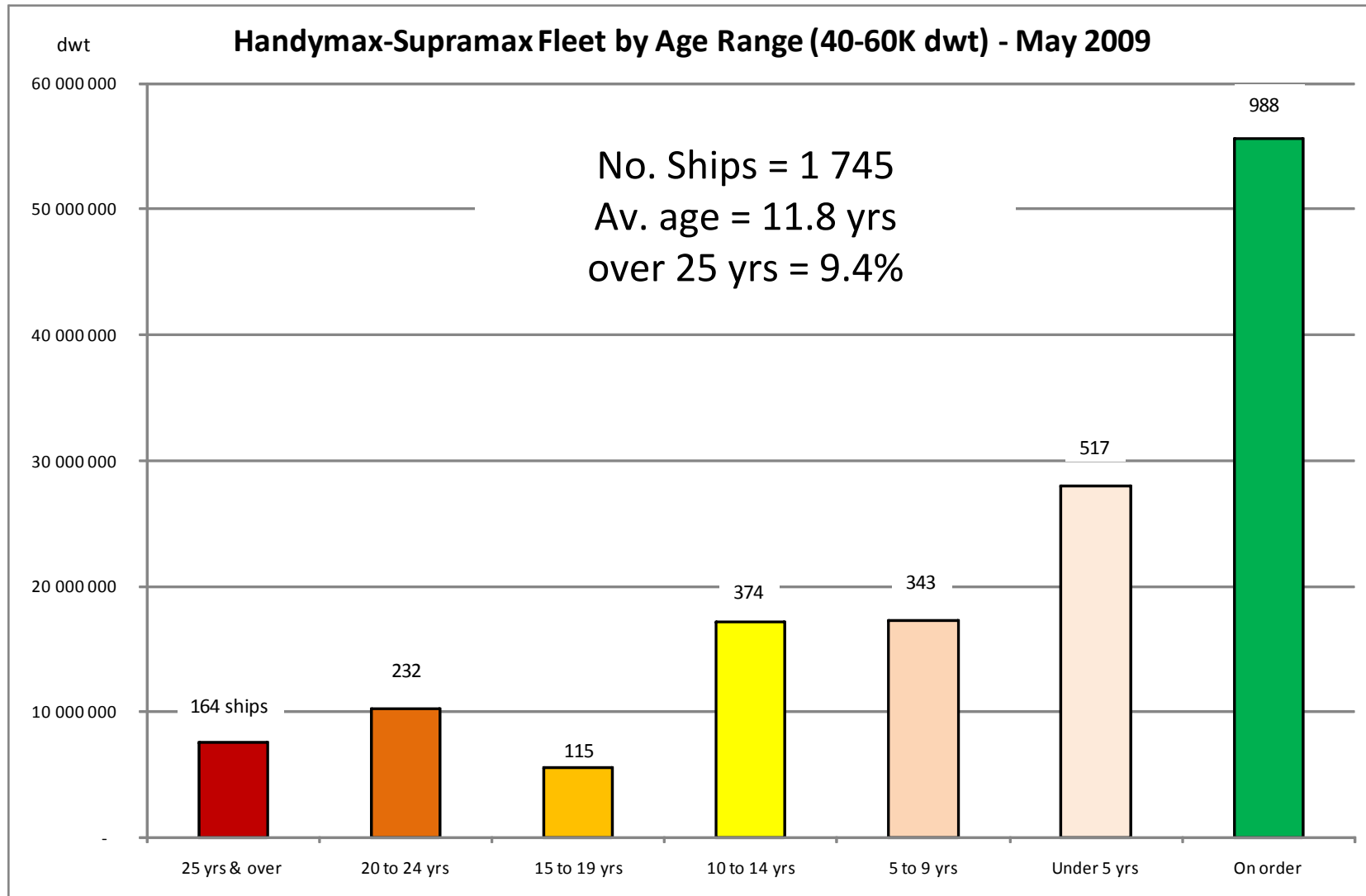
Small Cape: 83-120k dwt or >32,3 bm Handysize: 24-40k dwt



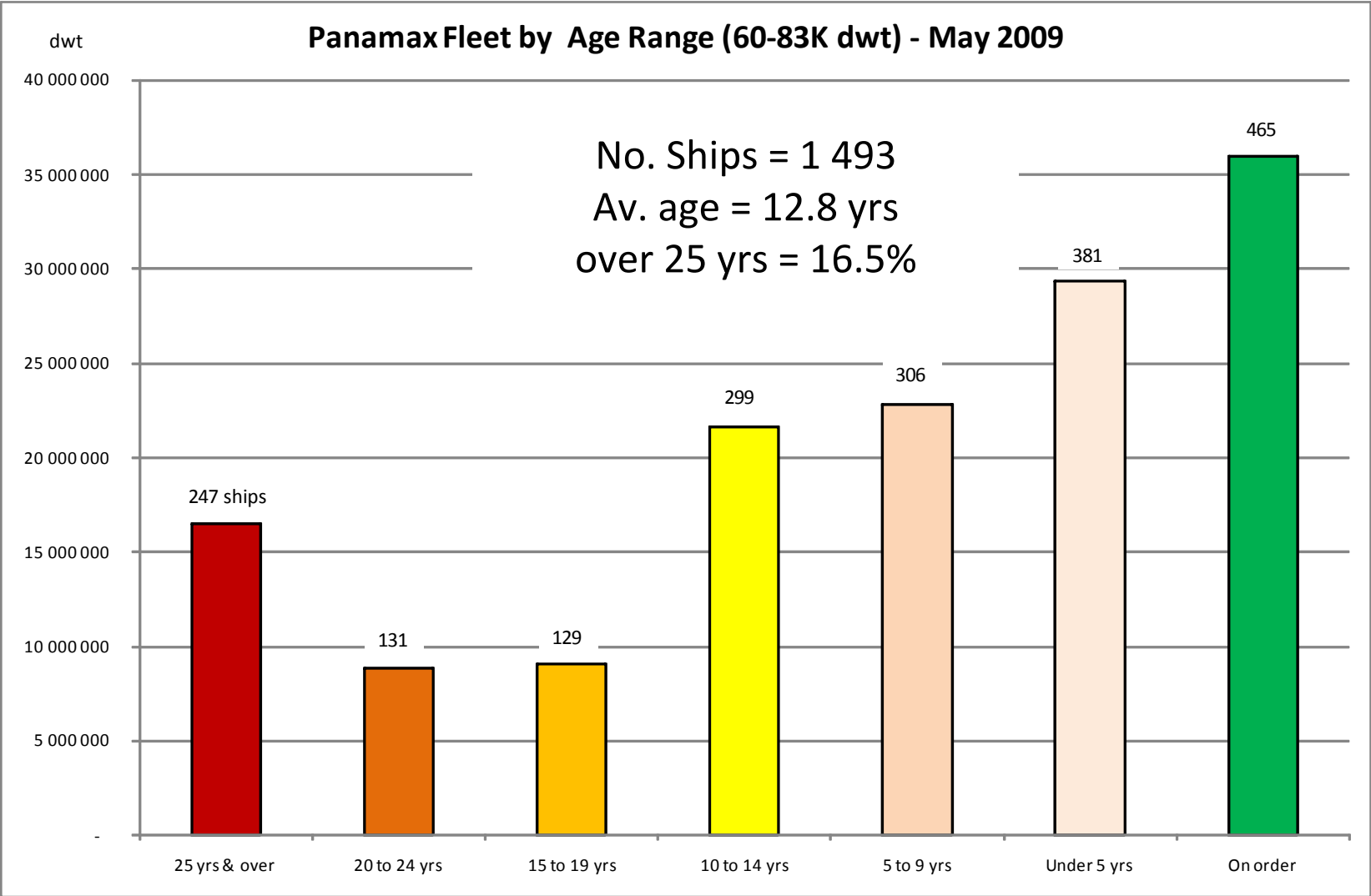
Handysize Fleet



Handymax-Supramax Fleet

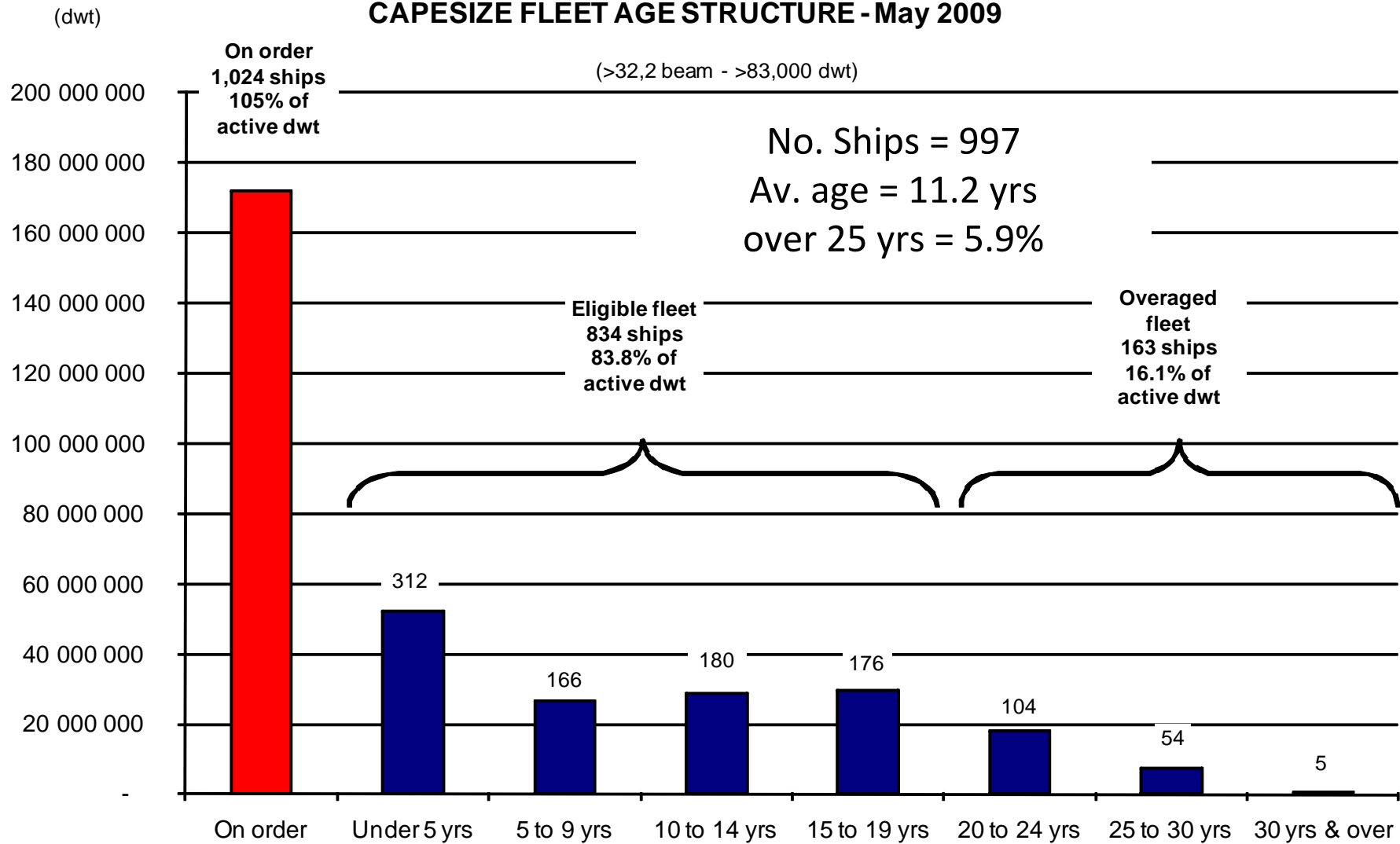


Panamax Fleet



Capesize Fleet

CAPE SIZE FLEET AGE STRUCTURE - May 2009



CAPESIZE MARKET SUPPLY/DEMAND EVOLUTION

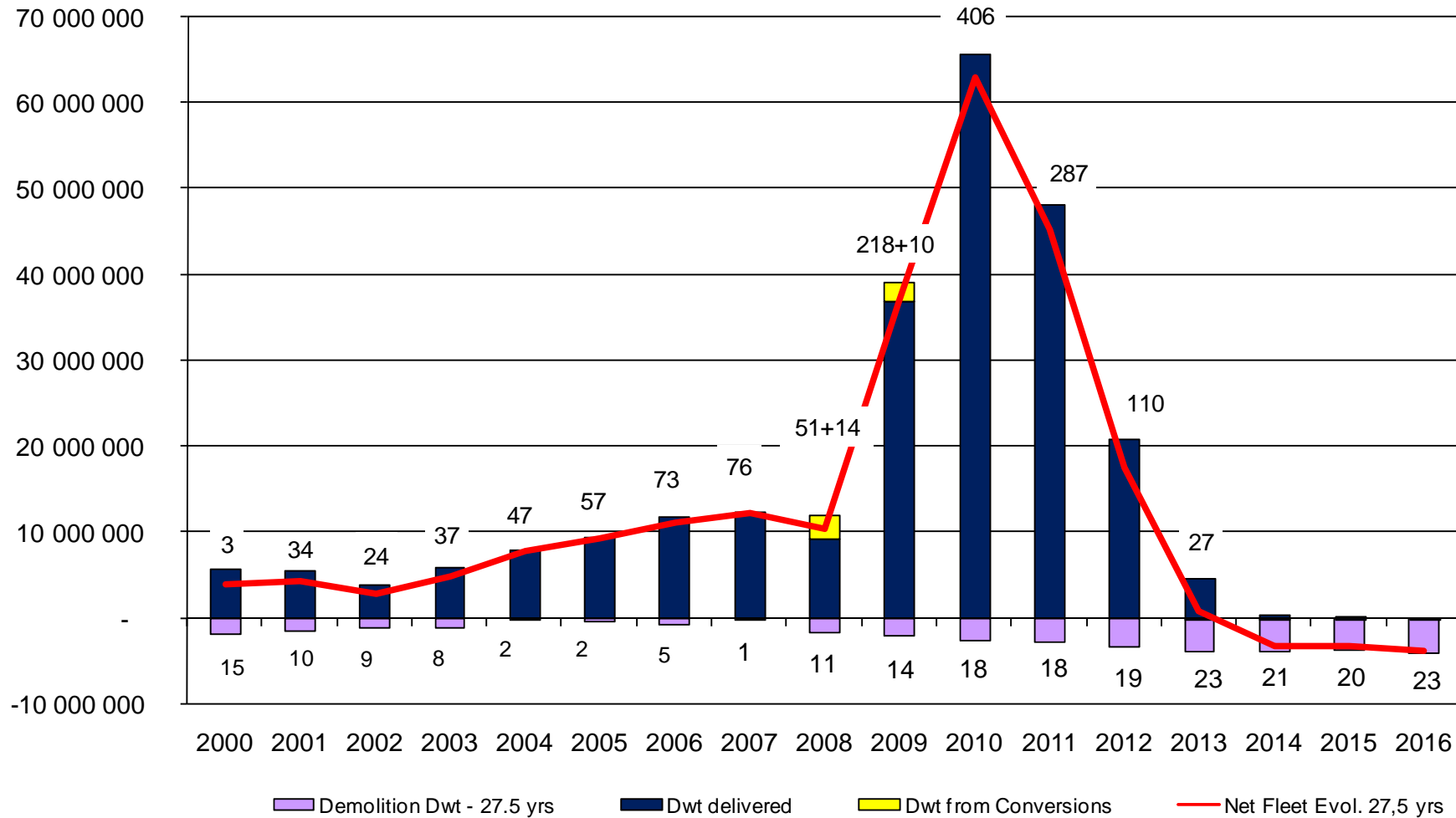


Capesize: demolition potential @ 27.5 yrs

Capesize Fleet Evolution - 27.5 yrs Av. Demo. Age

(dwt Deliv. / Demo)

(>32,2 beam - >83,000 dwt)

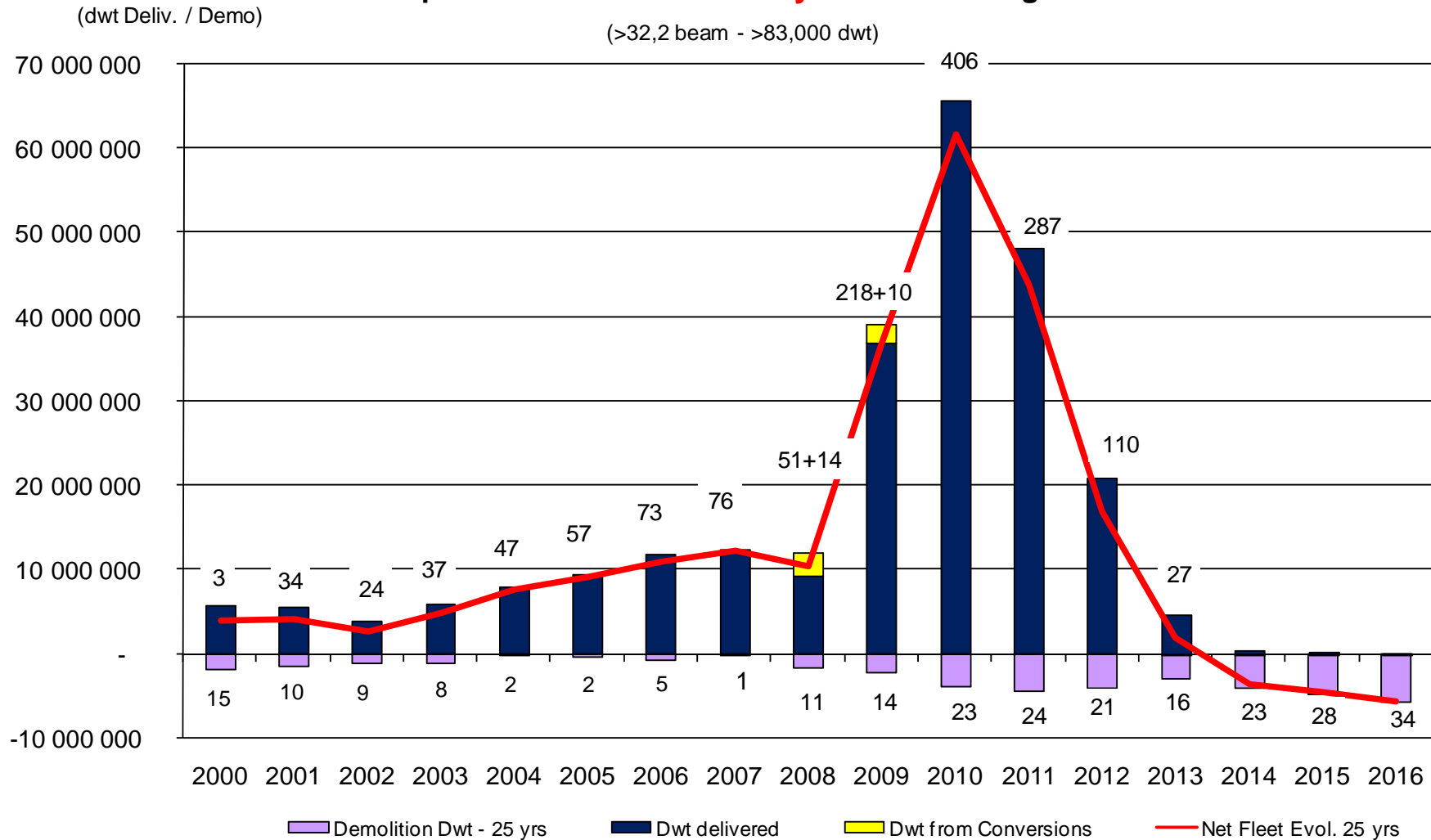


Conversions = converted or still said being converted



Capesize: demolition potential @ 25 yrs

Capesize Fleet Evolution - 25 yrs Av. Demo. Age

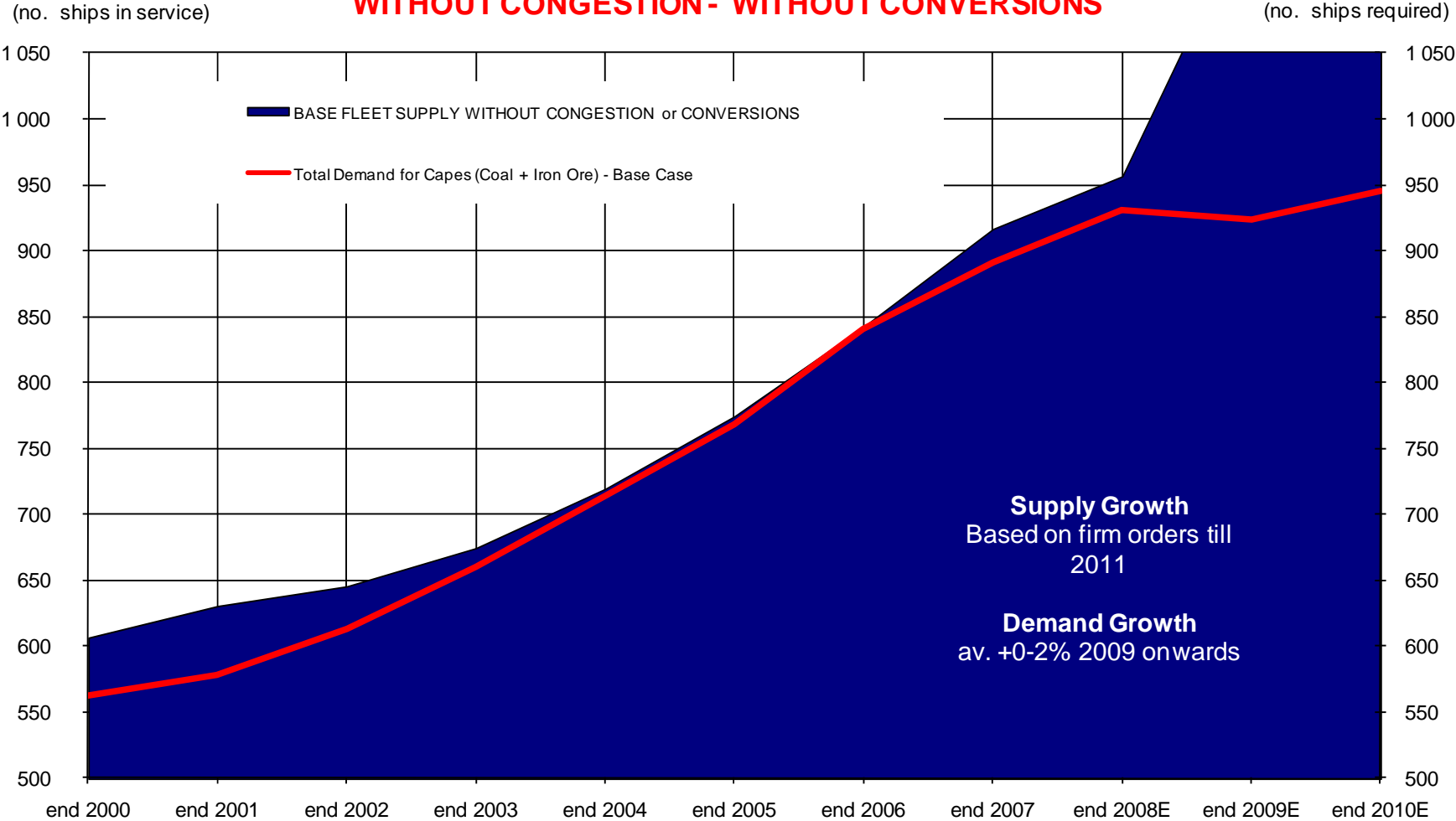


Conversions = converted or still said being converted



CAPE SUPPLY/DEMAND

CAPE SIZE SUPPLY & DEMAND TO 2010 - BASE WITHOUT CONGESTION - WITHOUT CONVERSIONS

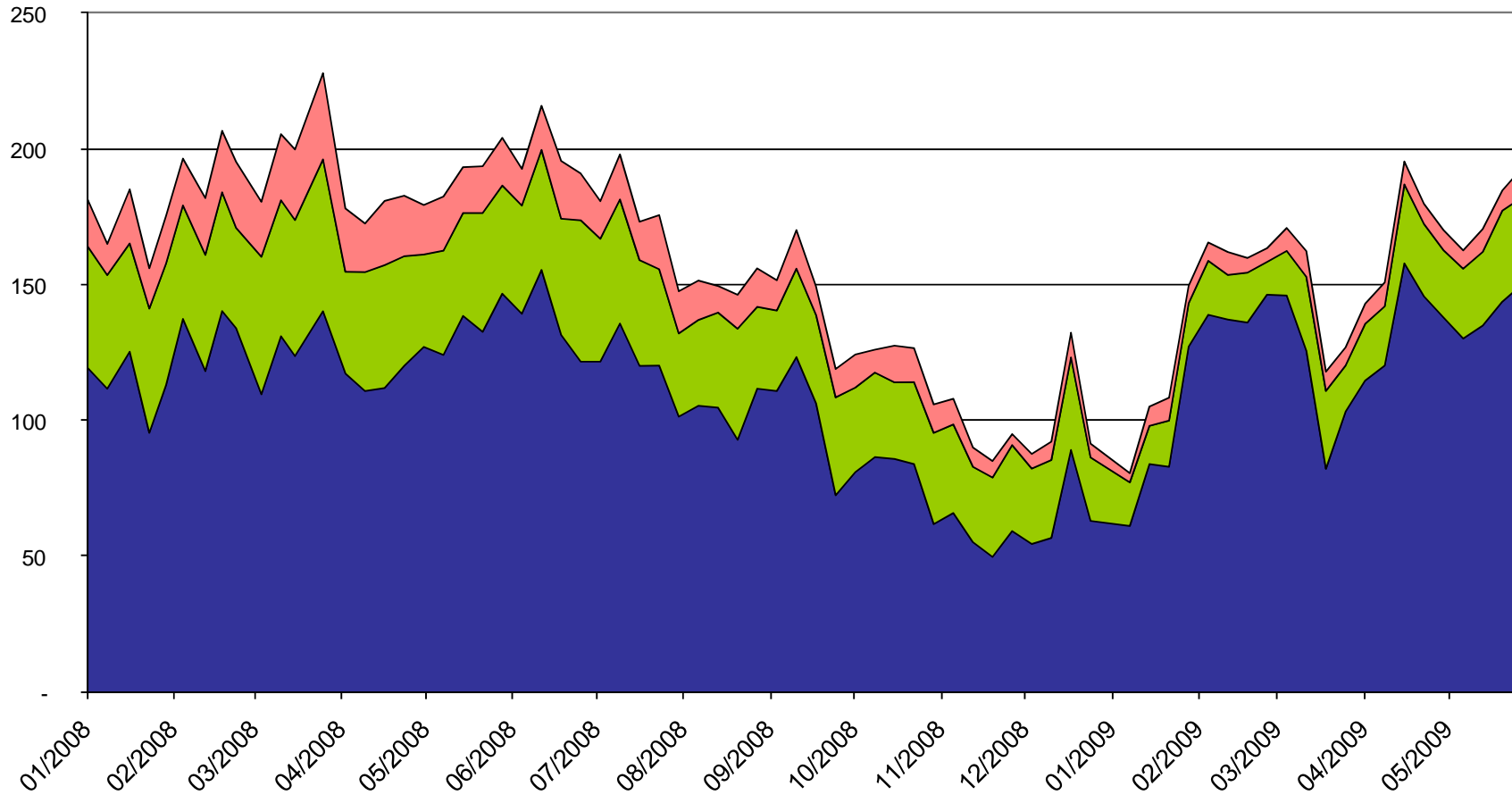


PORT CONGESTION BY SIZE

Million tons
carrying
capacity
annualised

DRY BULK PORT CONGESTION - TONNAGE AT ANCHORAGE BY SHIP TYPE

Handymax Panamax Capesize

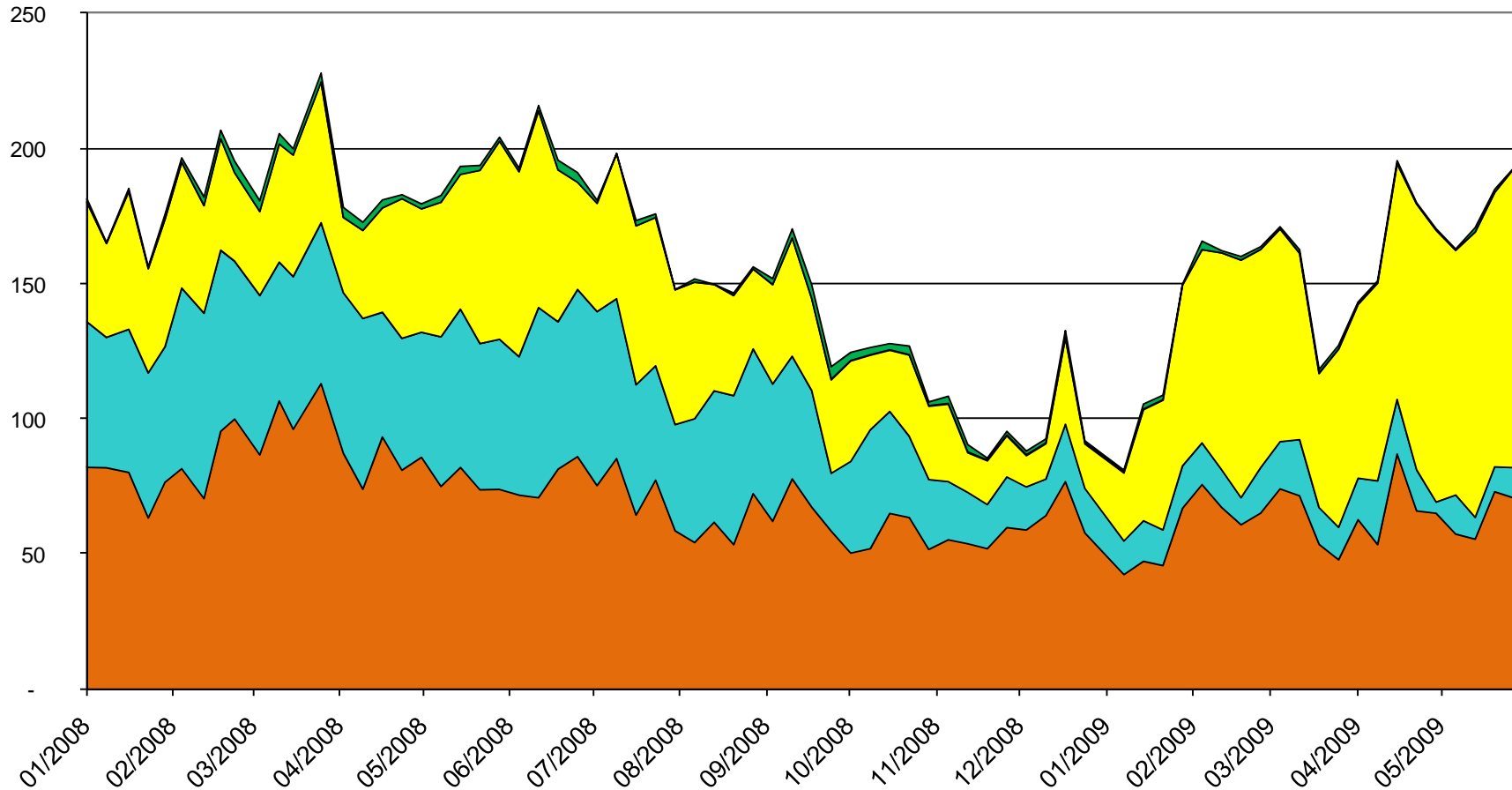


PORT CONGESTION BY COUNTRY

Million tons
carrying capacity
annualised

DRY BULK PORT CONGESTION - TONNAGE AT ANCHORAGE BY COUNTRY

■ SOUTH AFRICA ■ CHINA ■ BRAZIL ■ AUSTRALIA

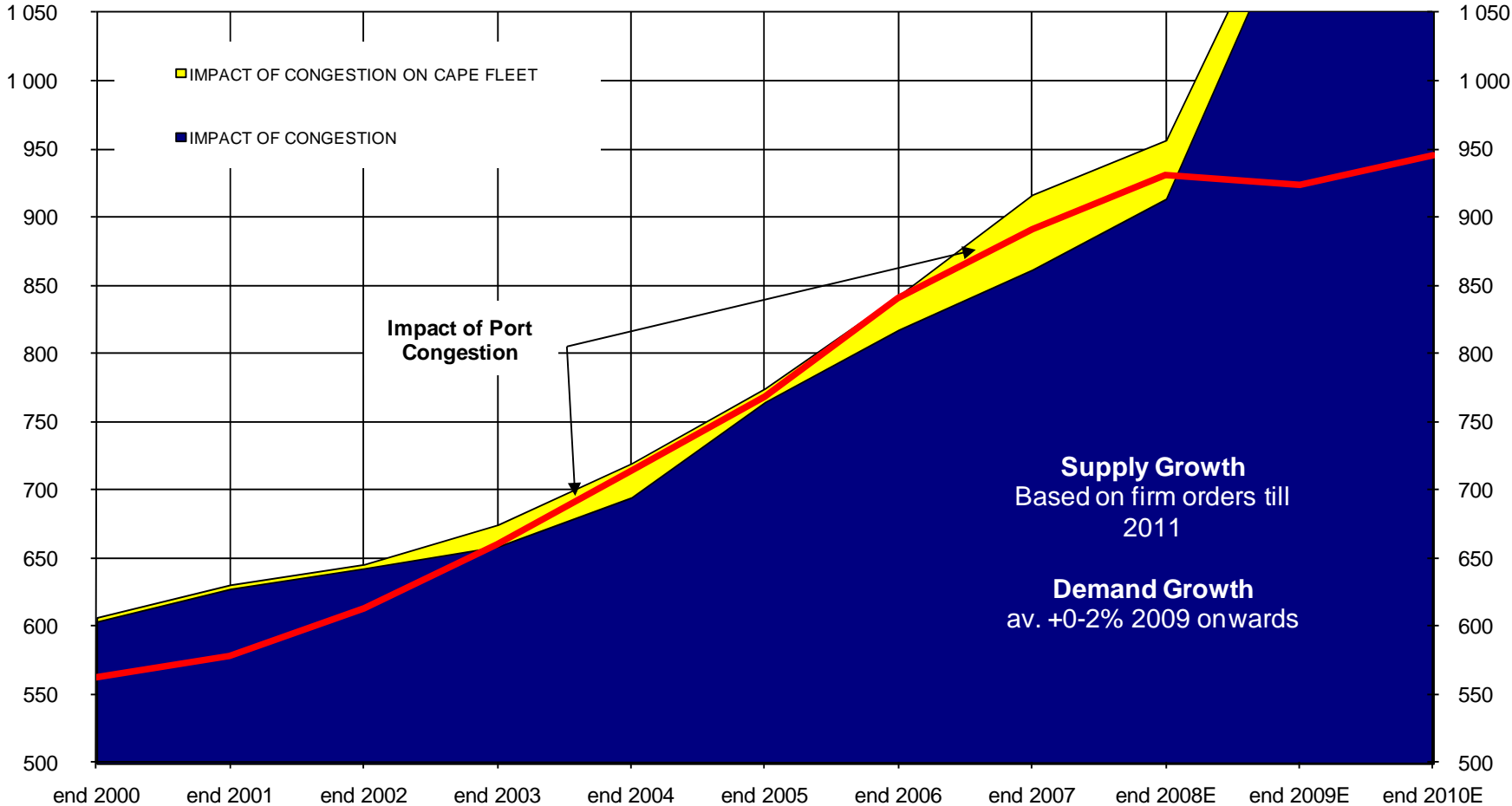


CAPE SUPPLY/DEMAND

CAPE SIZE SUPPLY & DEMAND TO 2010 - BASE WITH CONGESTION

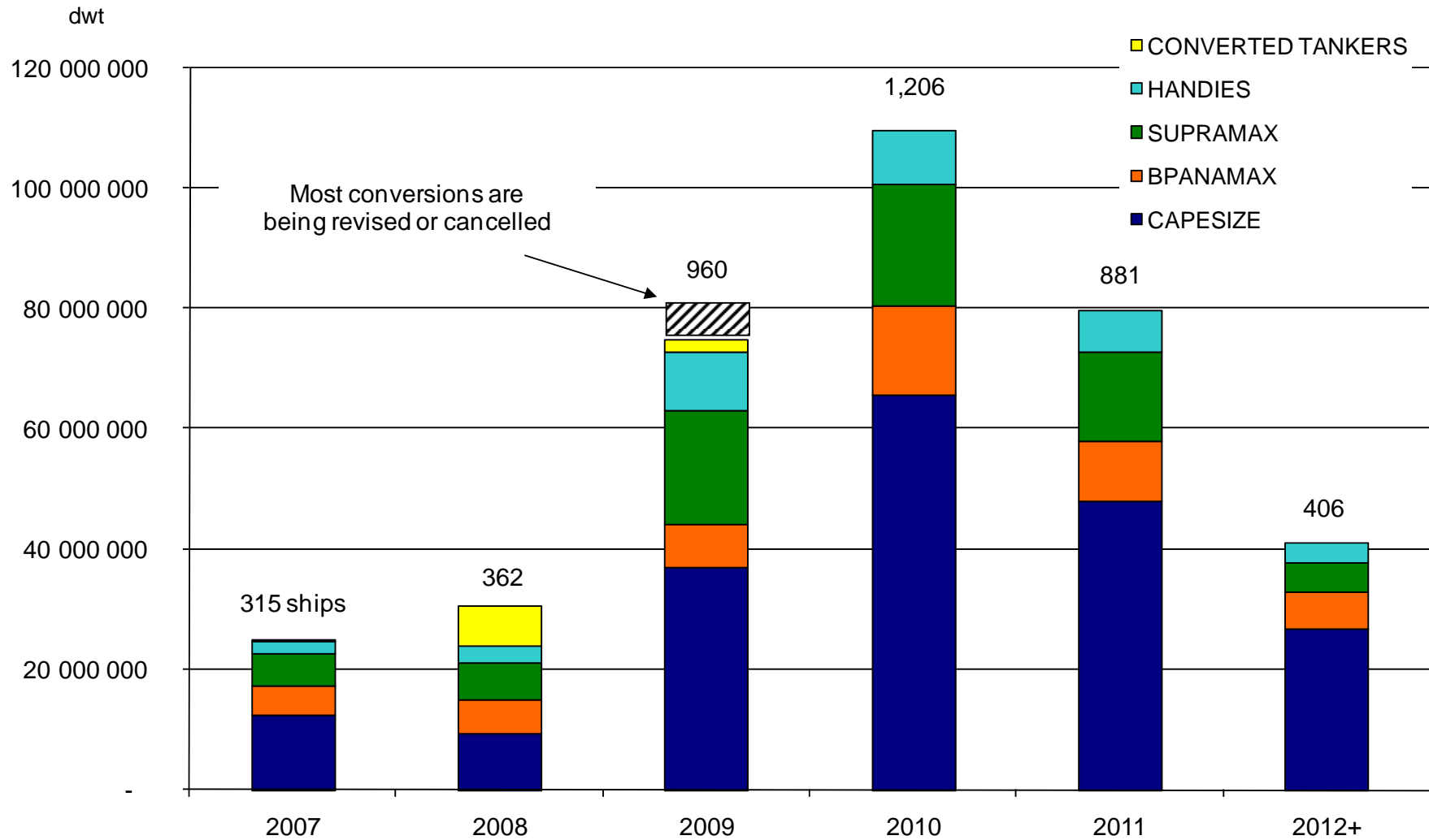
(no. ships in service)

(no. ships required)



Bulk carriers deliveries + conversions

BULK CARRIERS DELIVERY SCHEDULE - March 2009

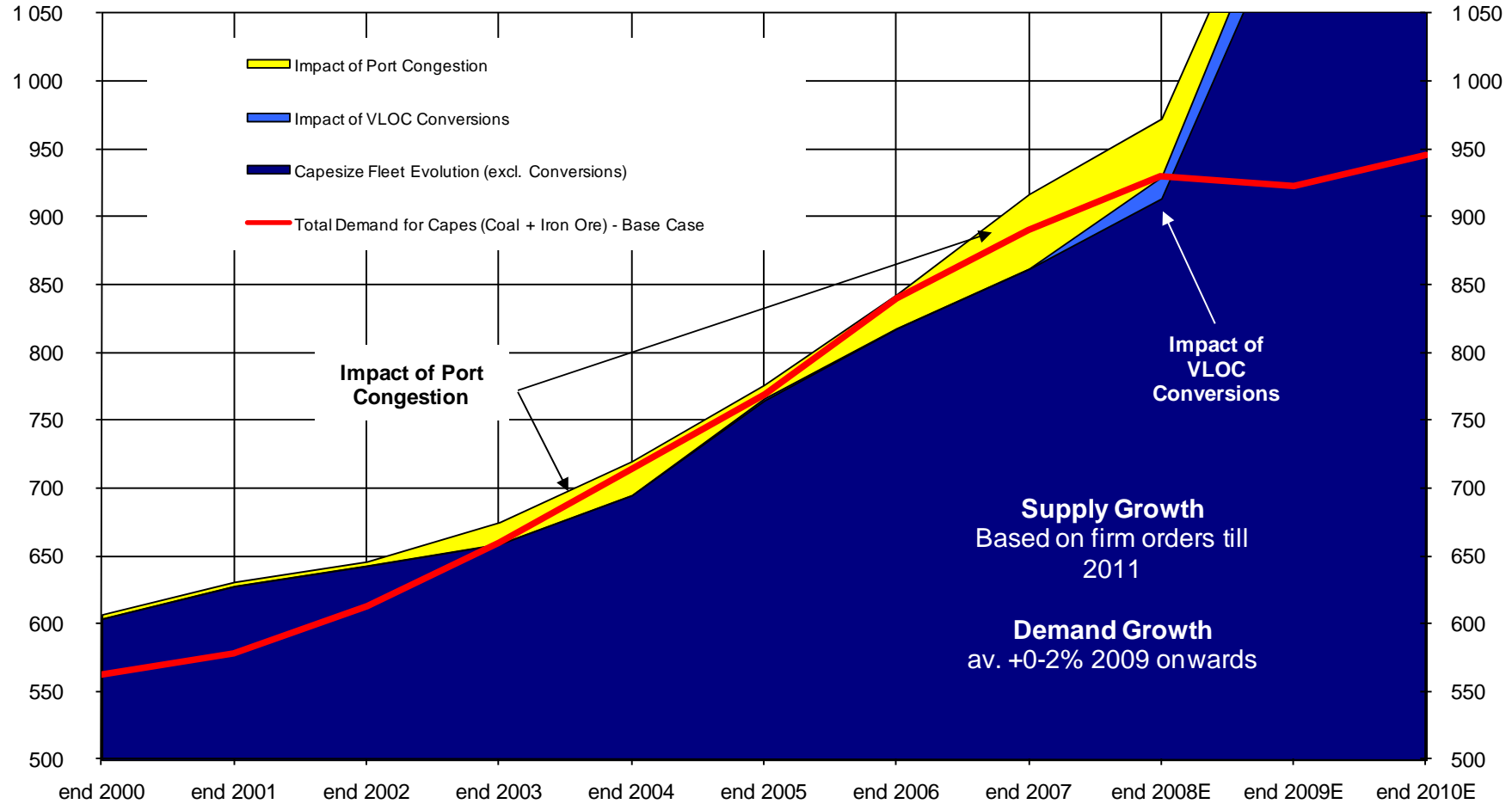


CAPE SUPPLY/DEMAND

CAPE SIZE SUPPLY & DEMAND TO 2010 - BASE WITH PORT CONGESTION & CONVERSIONS

(no. ships in service)

(no. ships required)

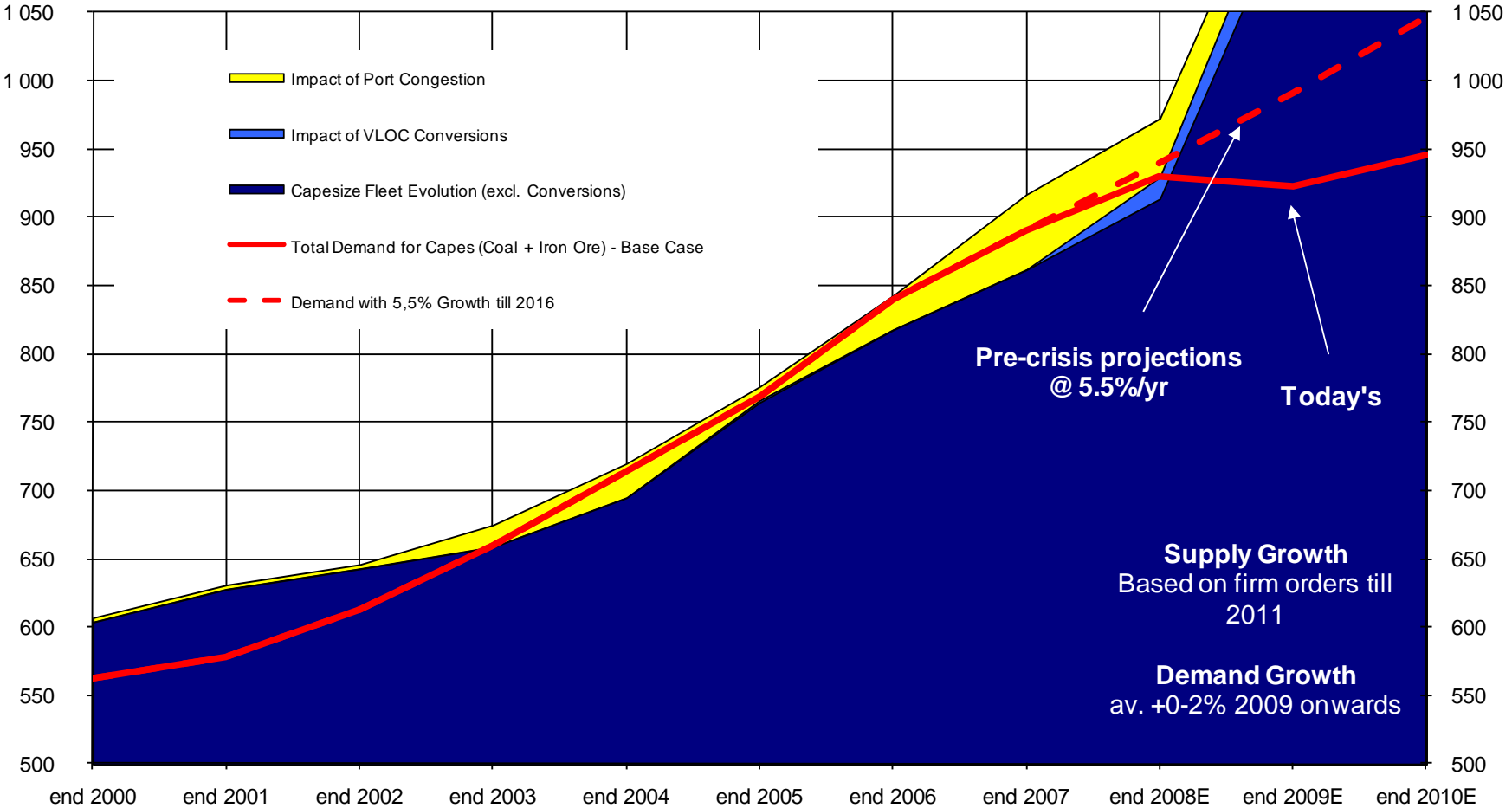


CAPE SUPPLY/DEMAND

CAPE SIZE SUPPLY & DEMAND TO 2010 - BASE vs HIGH WITH PORT CONGESTION & CONVERSIONS

(no. ships in service)

(no. ships required)

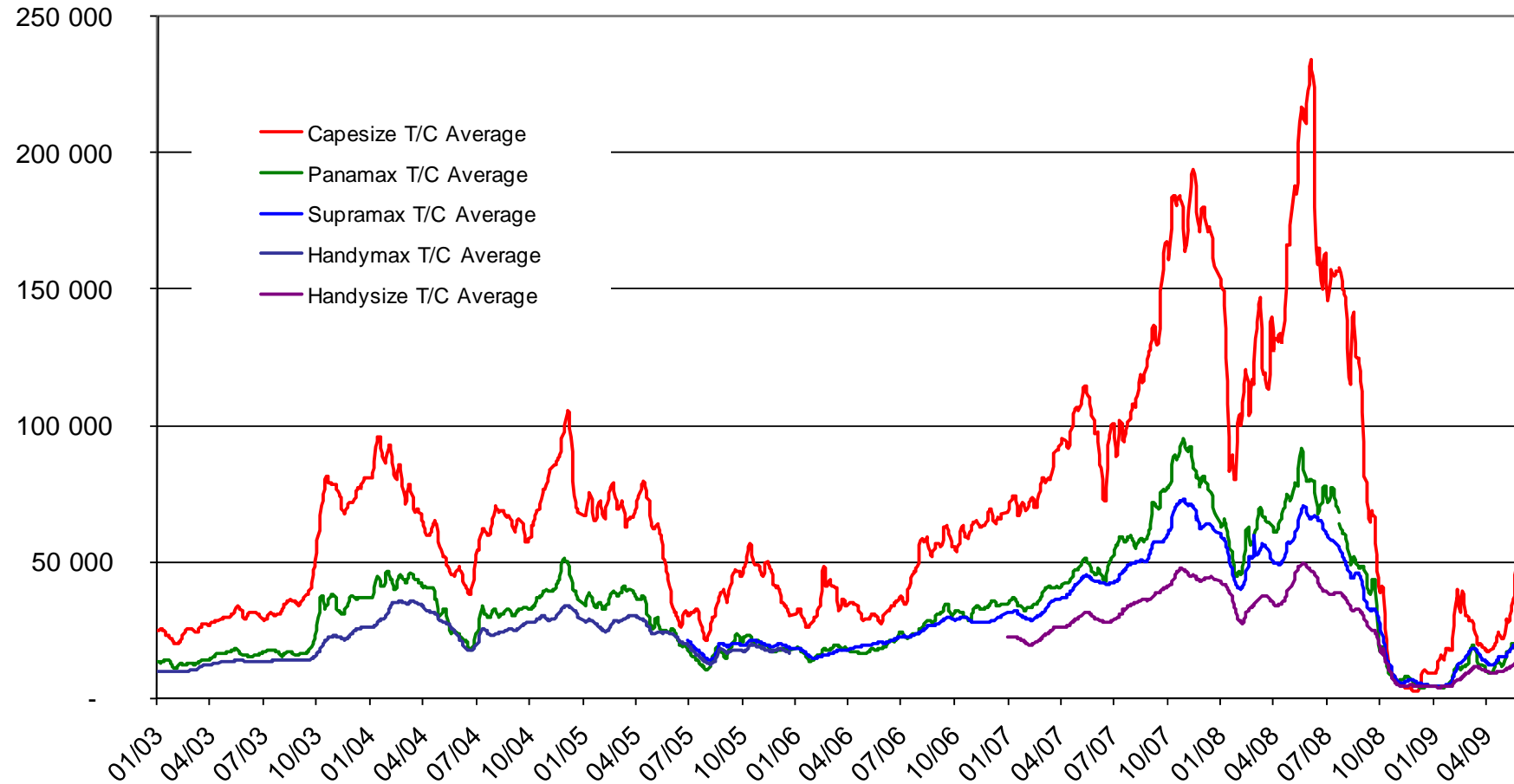


Unexpected rebound of the spot market

DRY BULK CARRIERS - SHORT T/C AVERAGE

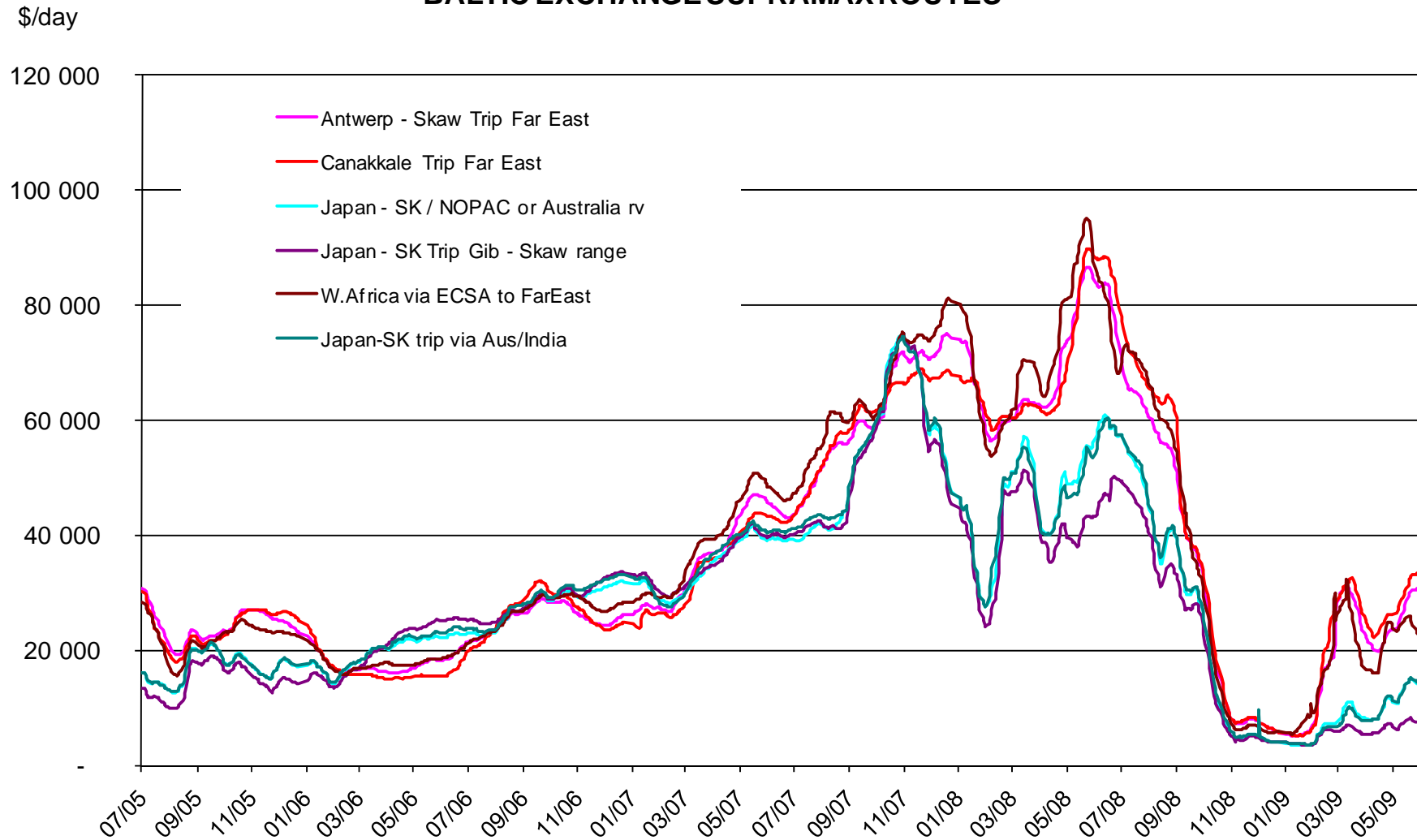
US\$/day

(Average Baltic Exchange T/C routes)

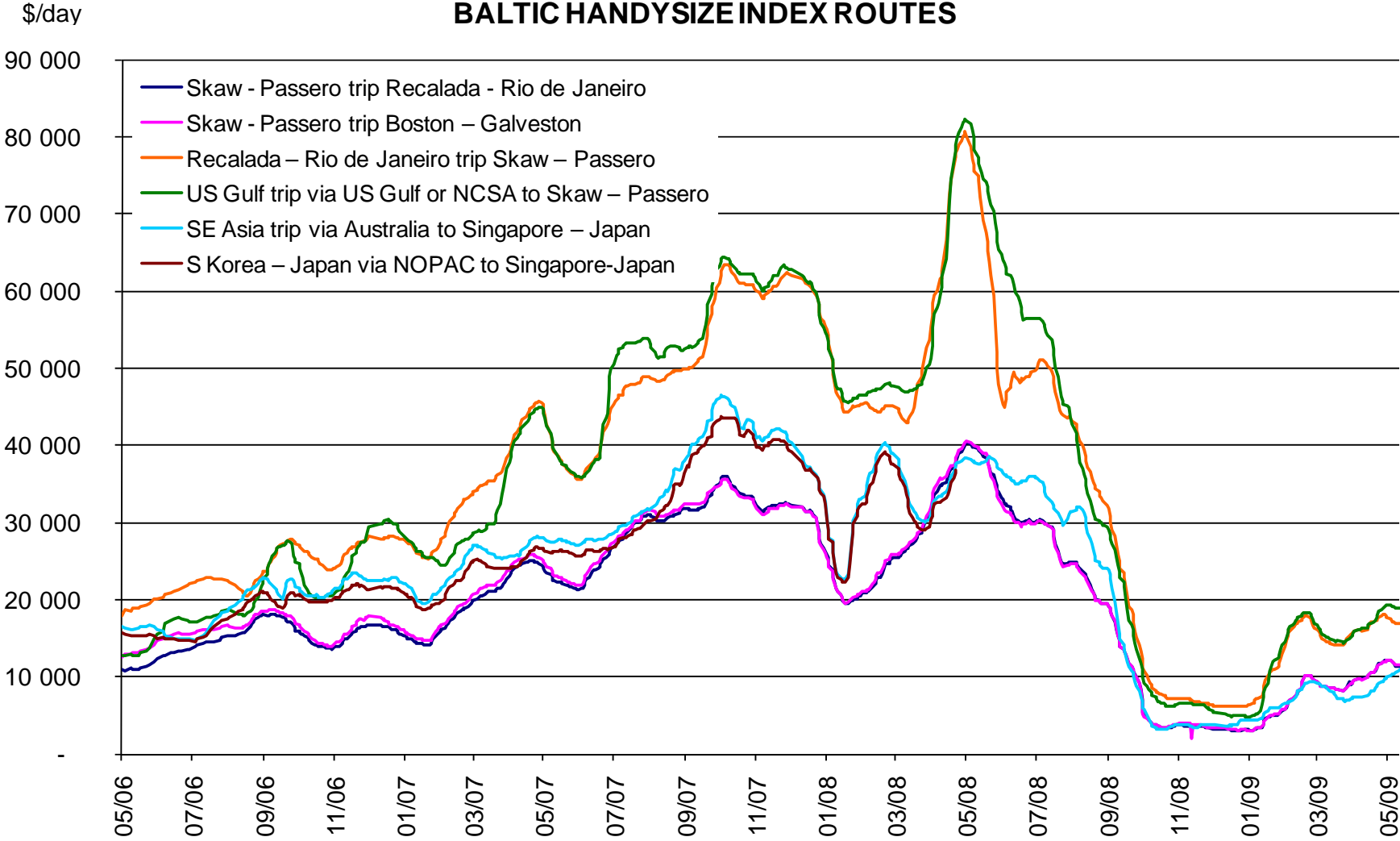


Supramaxes: no rally this time

BALTIC EXCHANGE SUPRAMAX ROUTES



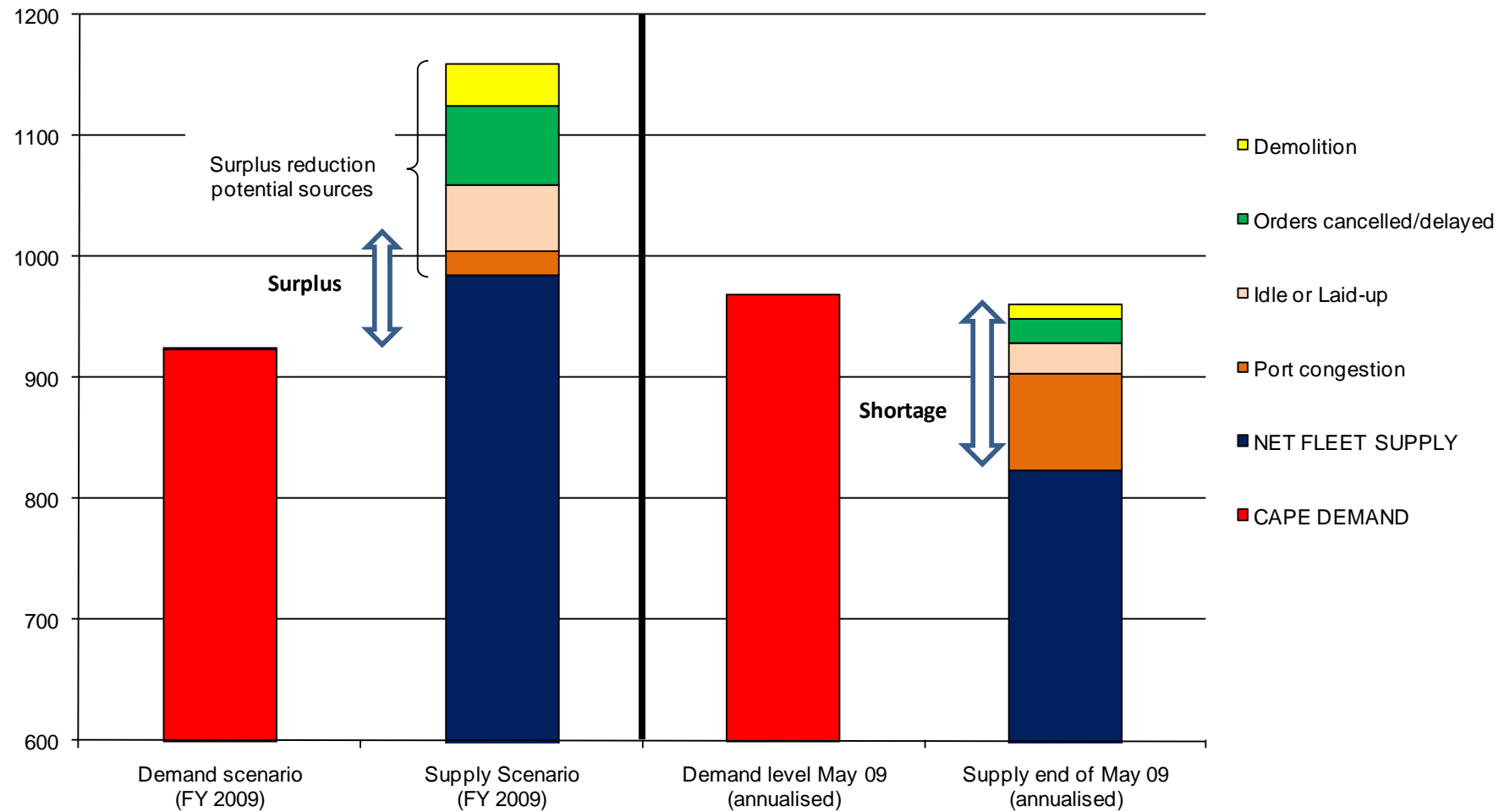
Handies: decoupling from larger sizes



Explaining today's Cape spot market rebound

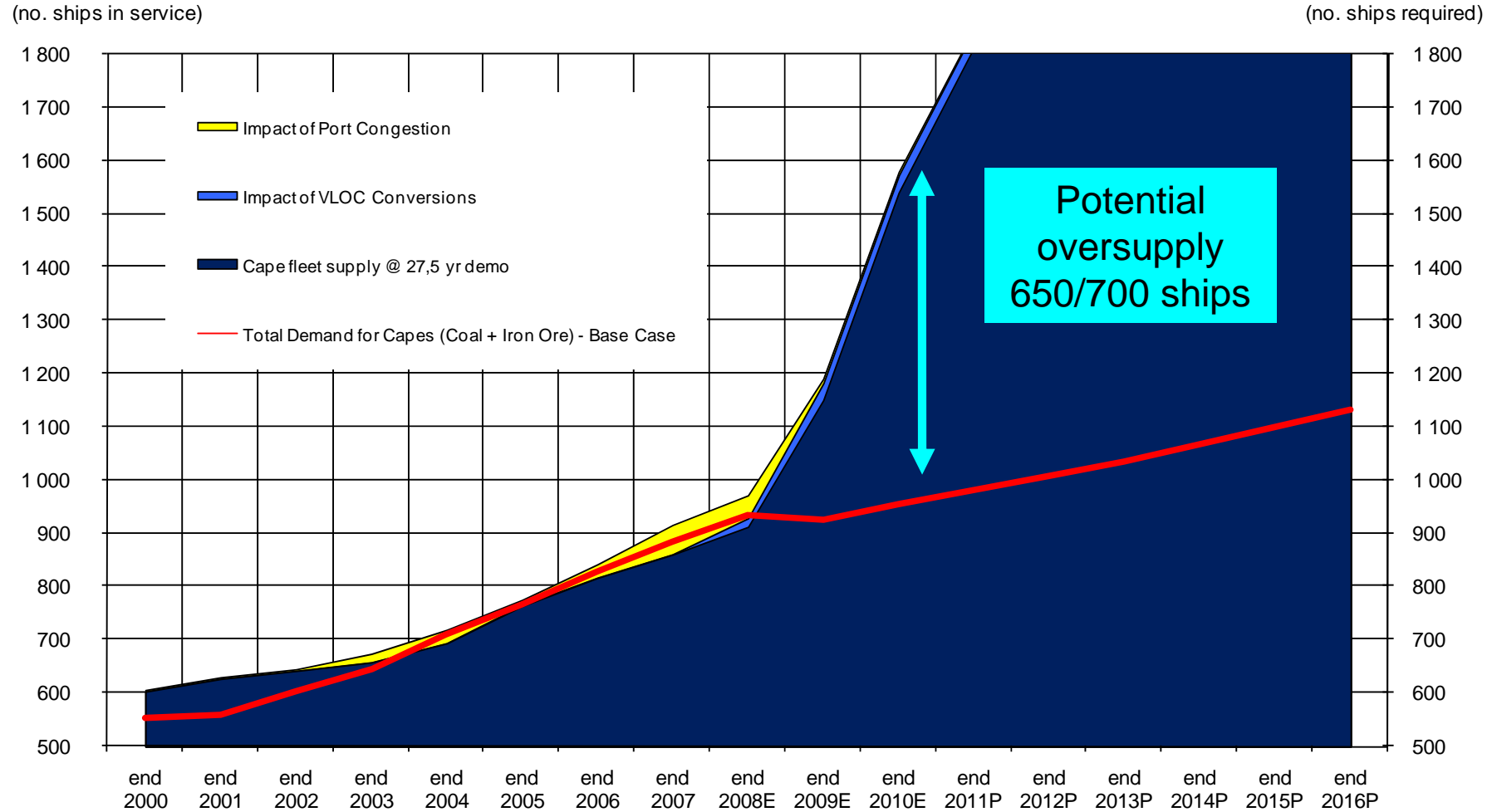
CAPE SUPPLY/DEMAND SCENARIOS FOR 2009 vs TODAY'S MARKET

no. ships

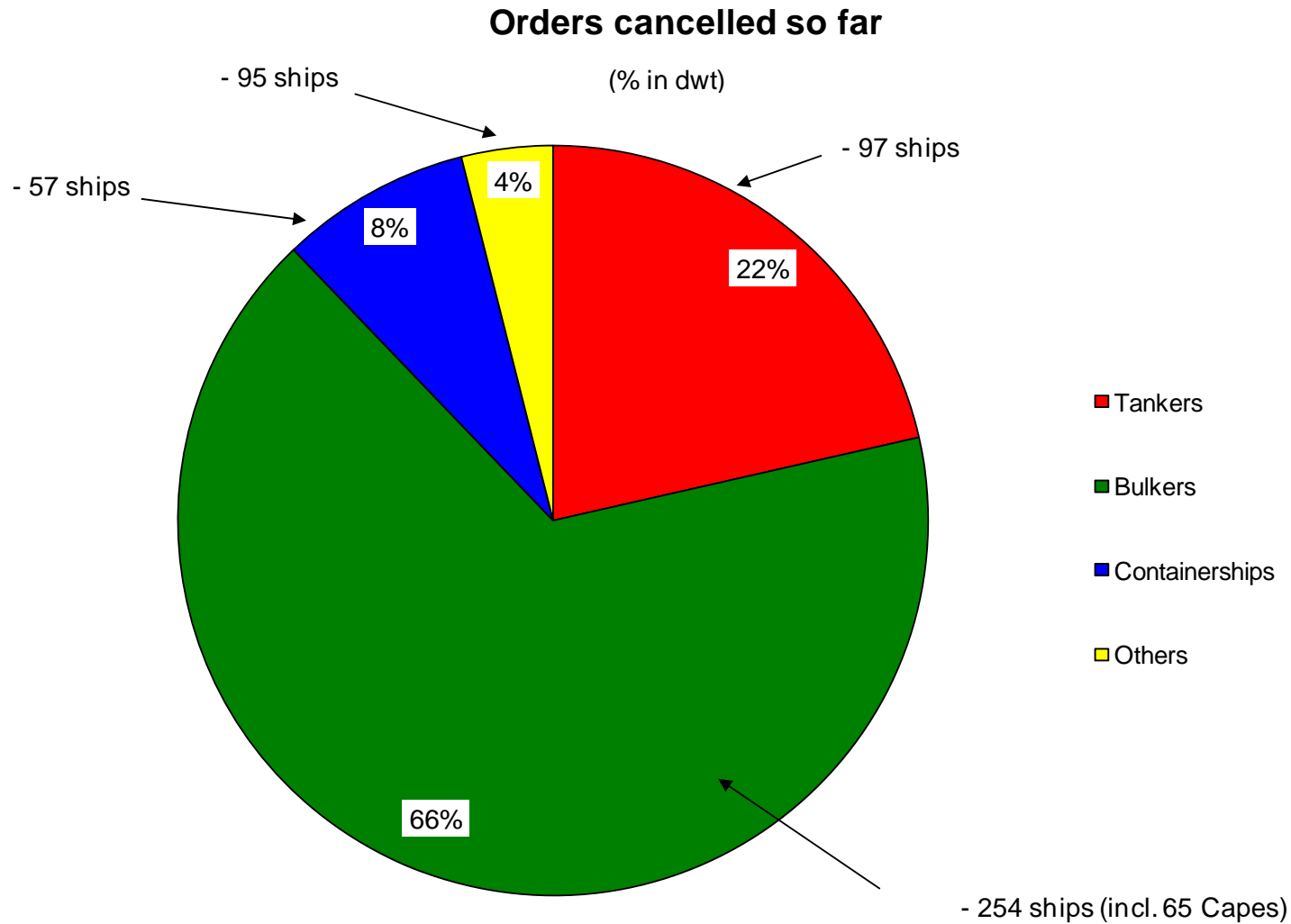


SUPPLY/DEMAND AS PER FIRM ORDER BOOK TODAY

CAPE SIZE SUPPLY & DEMAND SCENARIOS TO 2016



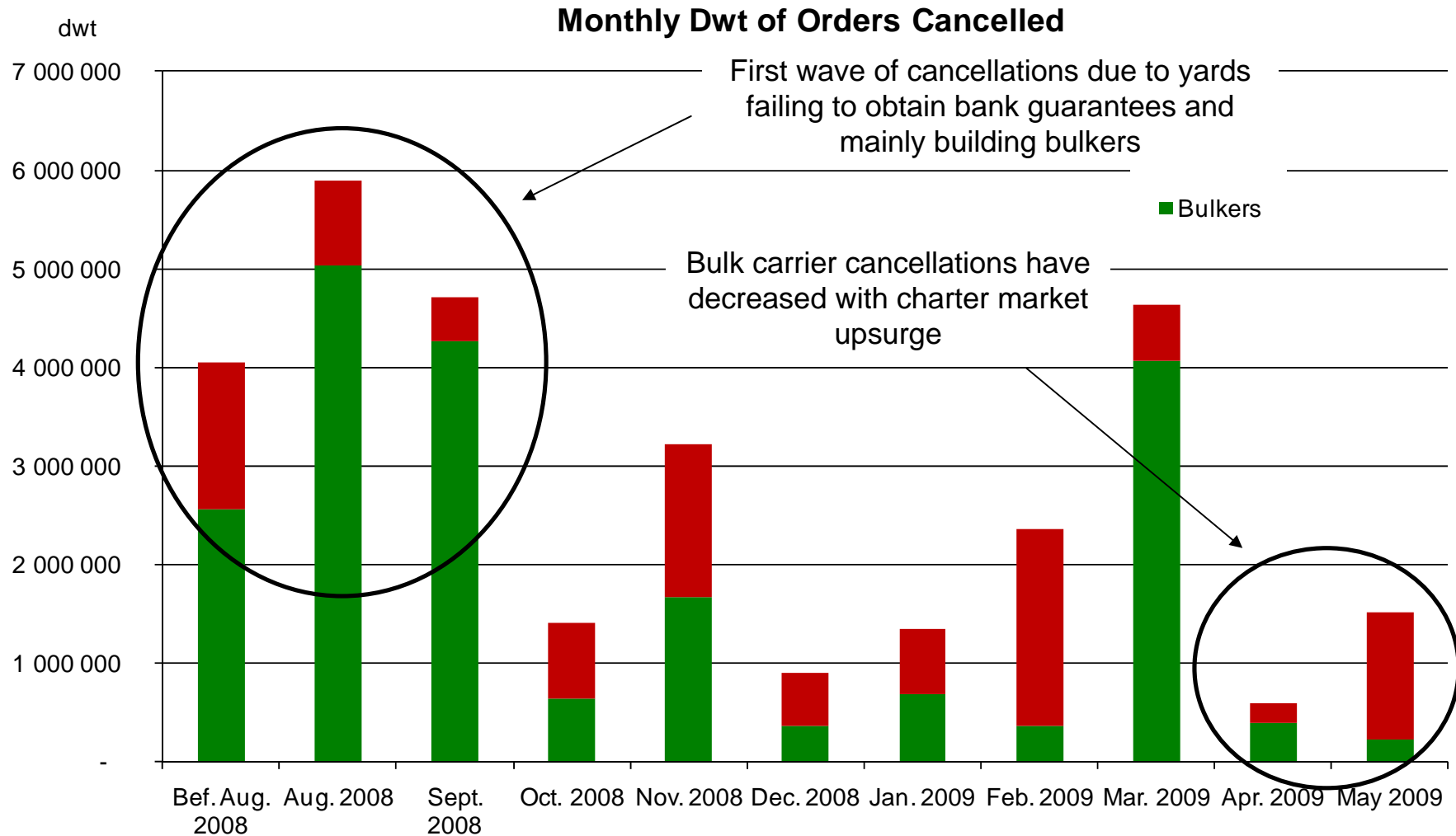
Cancellations: 70% are Bulk Carriers



End of May 09

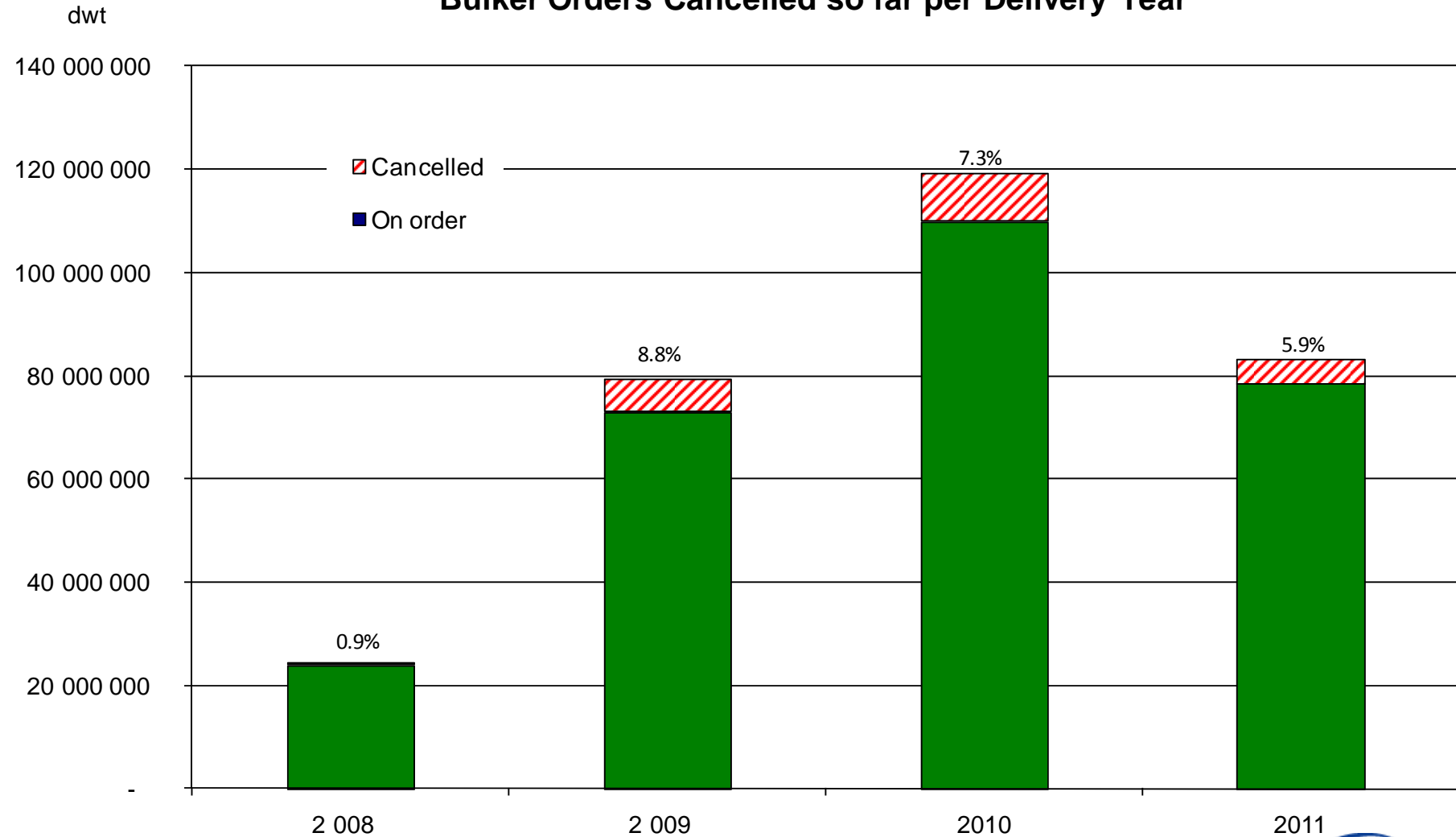


Yards & Bulkers were first to be affected



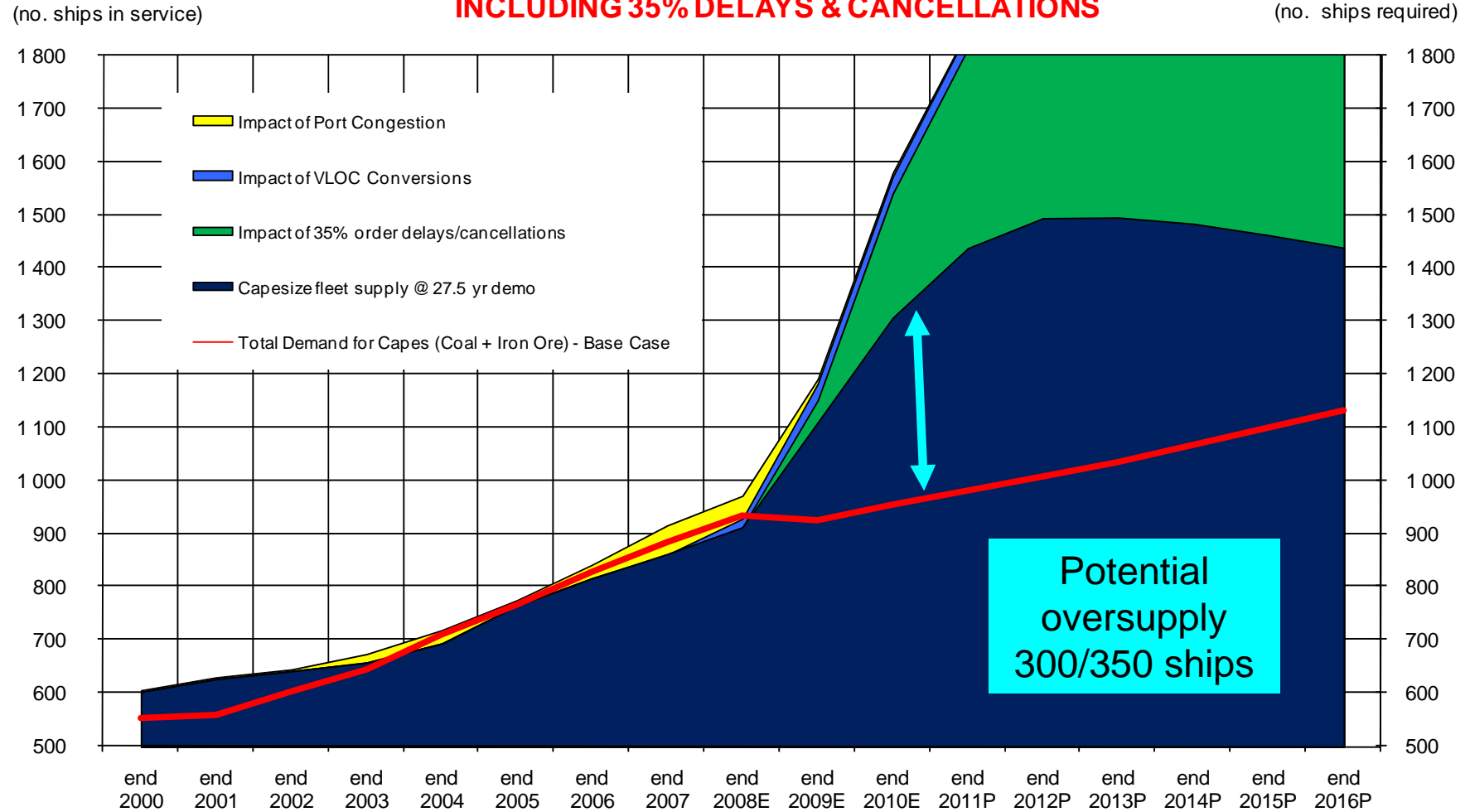
Impact of cancellations still marginal

Bulker Orders Cancelled so far per Delivery Year



SUPPLY/DEMAND INCL. CANCELLATIONS/DELAYS

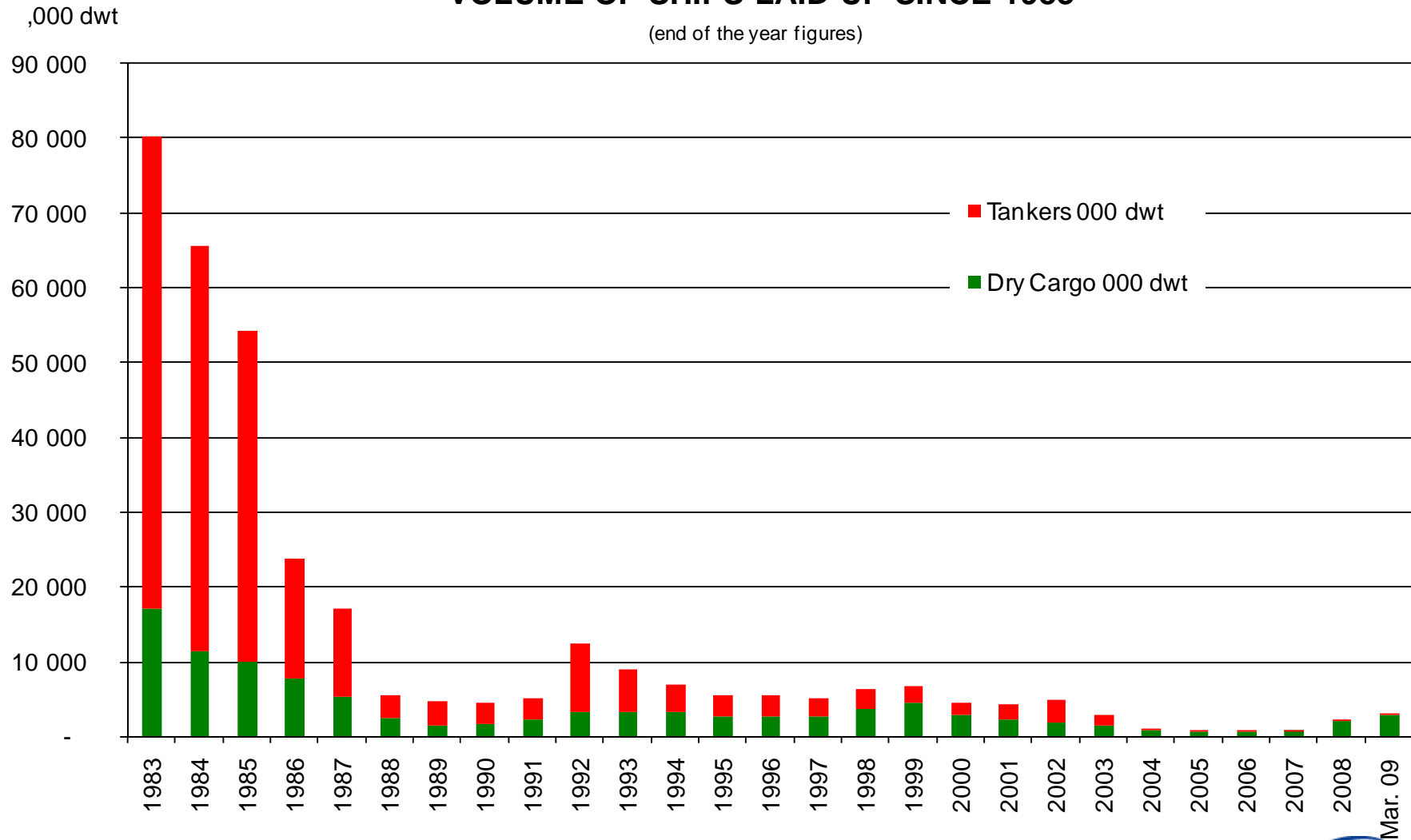
CAPESIZE SUPPLY & DEMAND SCENARIOS TO 2016
INCLUDING 35% DELAYS & CANCELLATIONS



History of lay-up since 1983

VOLUME OF SHIPS LAID-UP SINCE 1983

(end of the year figures)

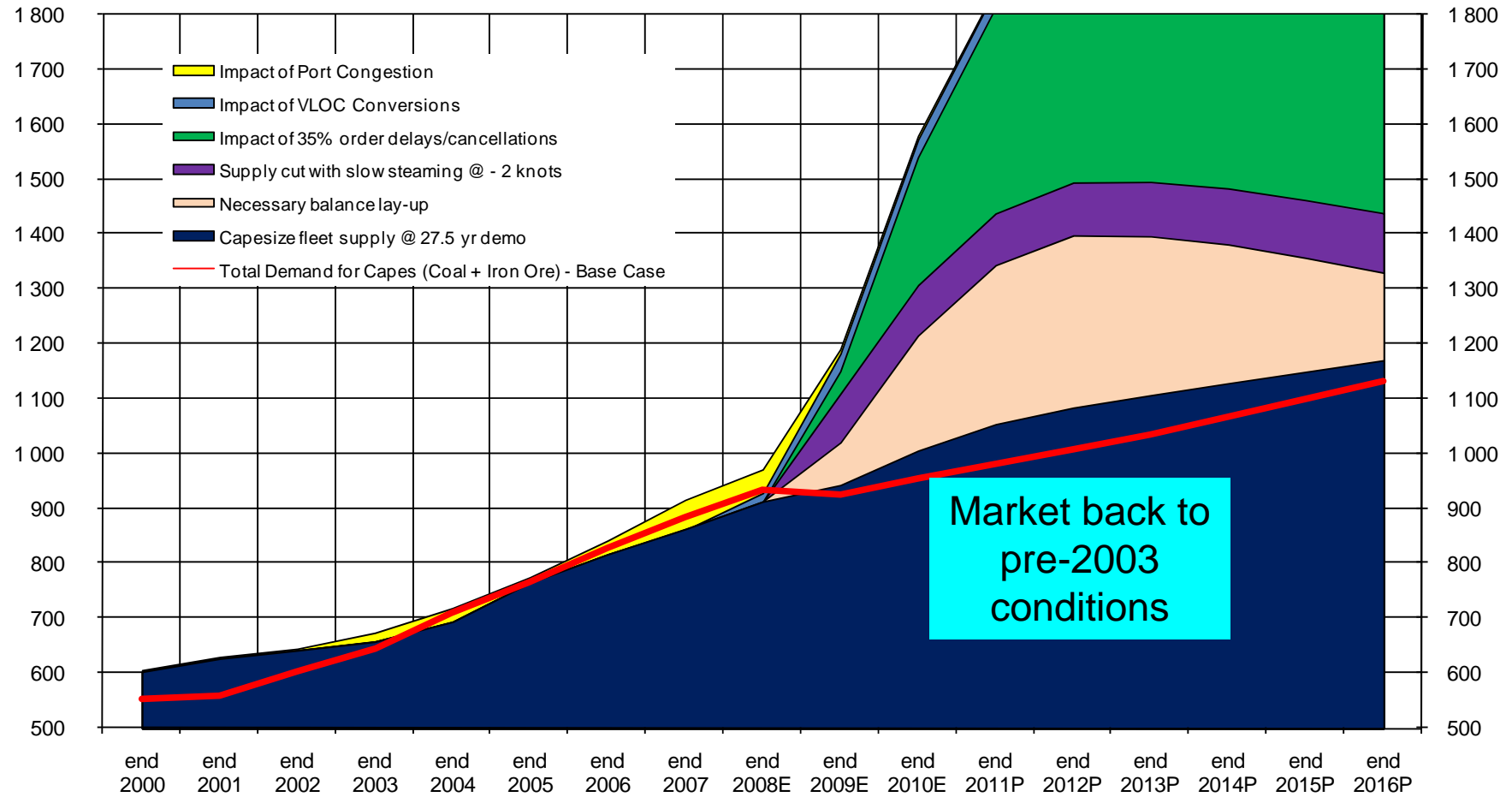


SUPPLY/DEMAND WITH LAY-UP

CAPE SIZE SUPPLY & DEMAND SCENARIOS TO 2016 INCL. 35% CANC/DELAY + SLOW STEAMING + LAY-UP

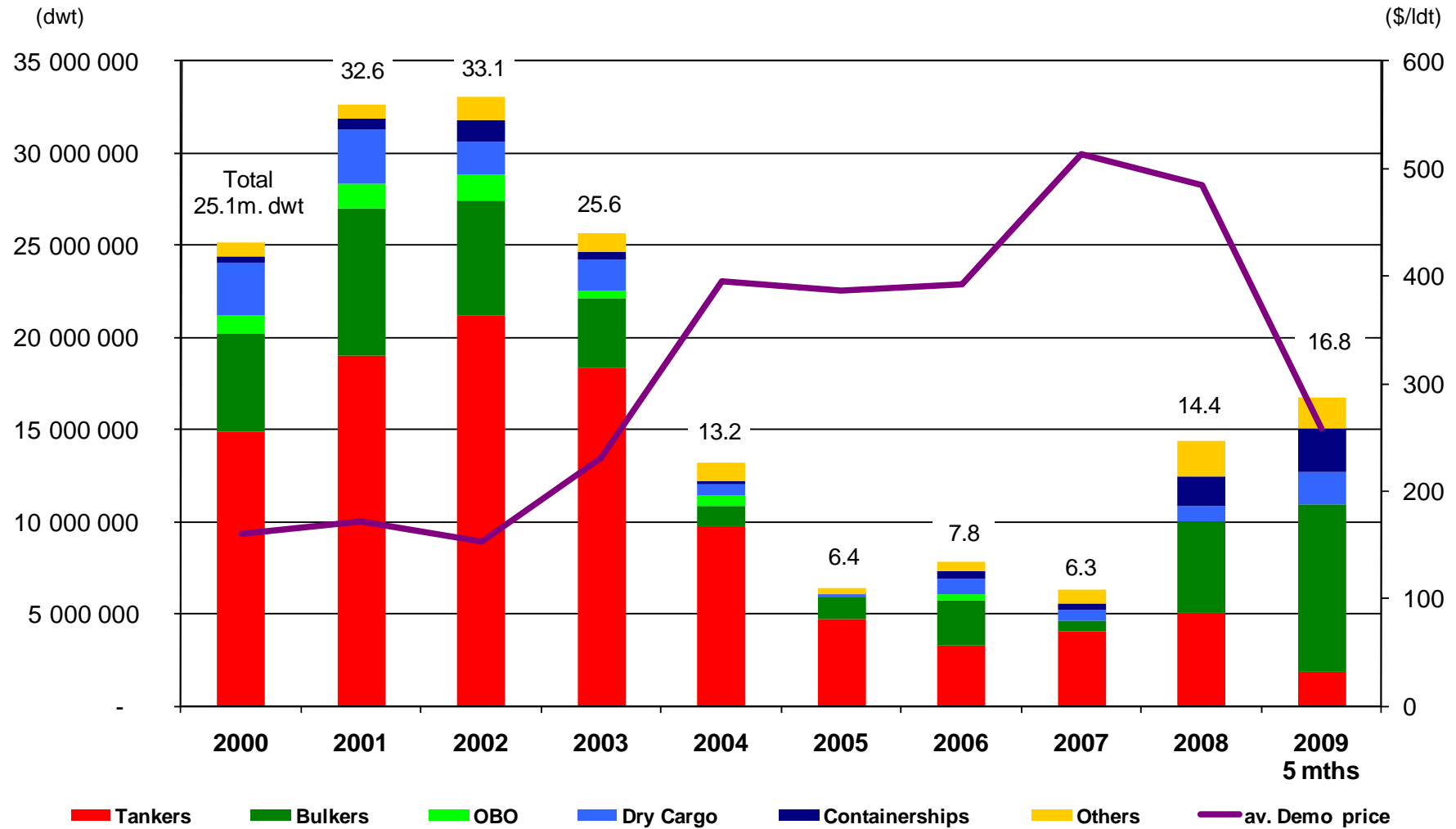
(no. ships in service)

(no. ships required)



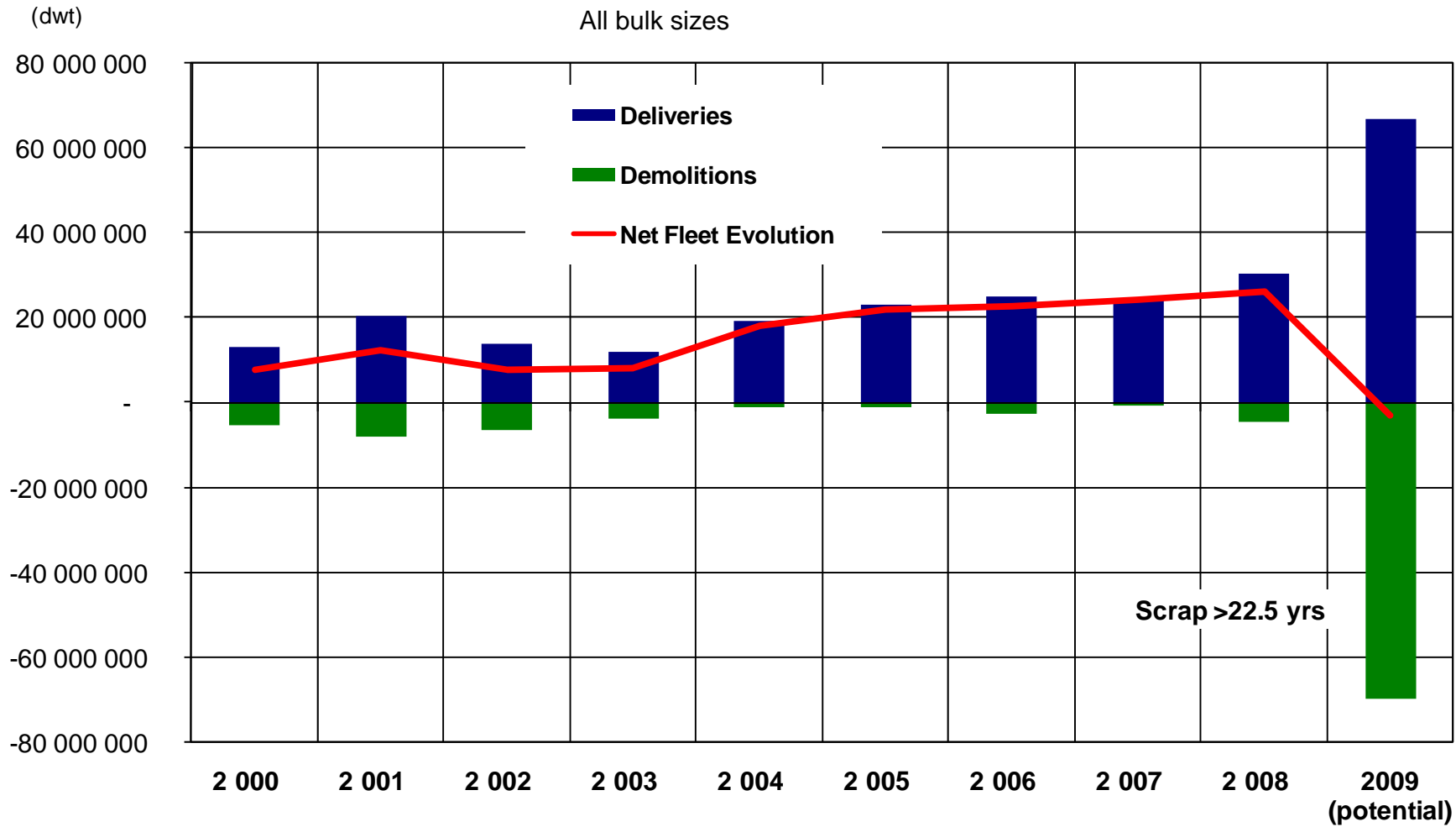
Scrapping accelerates

DEMOLITION FIGURES vs PRICES PER LTD SINCE 2000



Net Fleet Evolution with Scrap @ 22.5 yrs

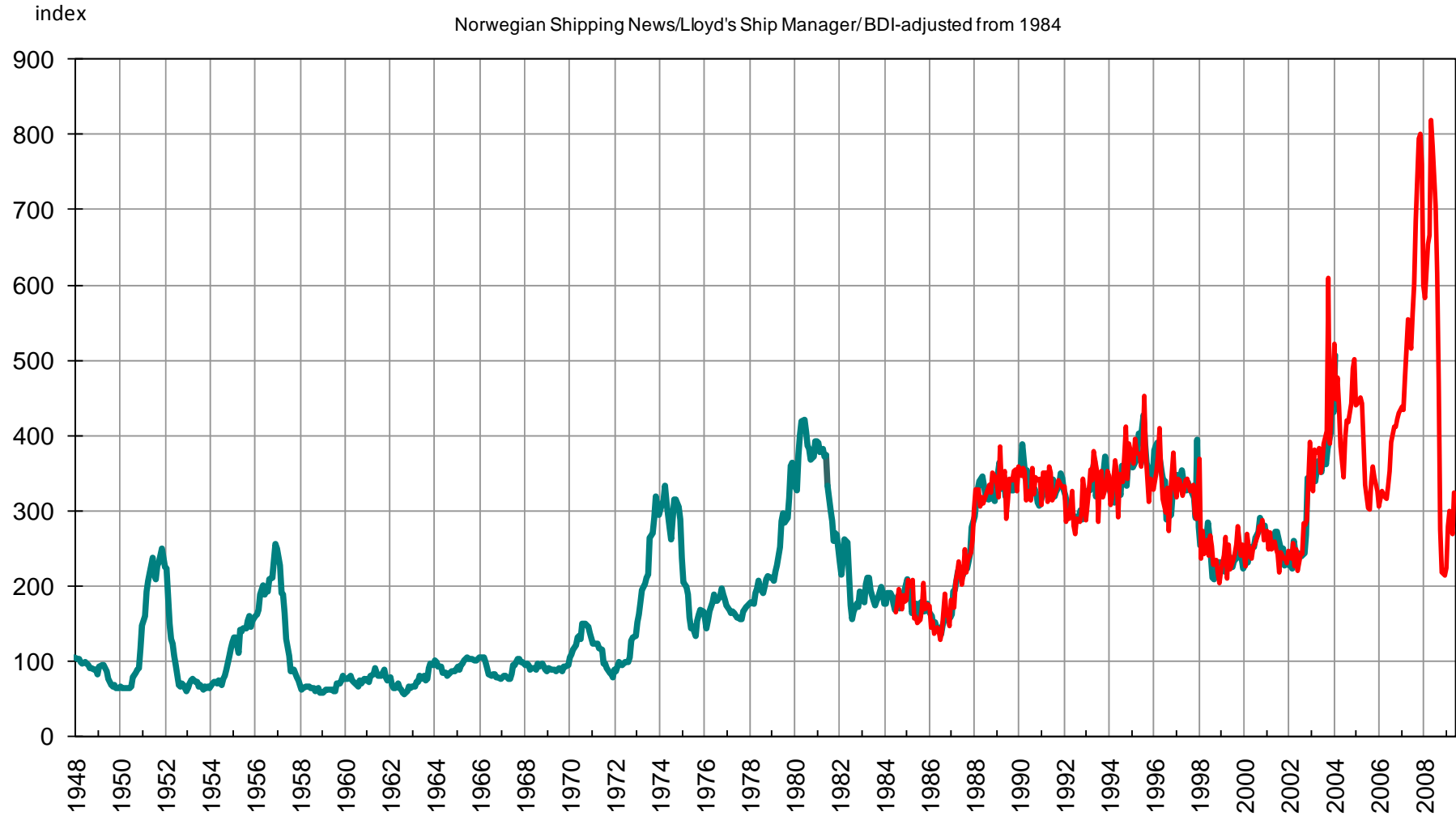
DELIVERIES vs DEMOLITION FIGURES & POTENTIAL



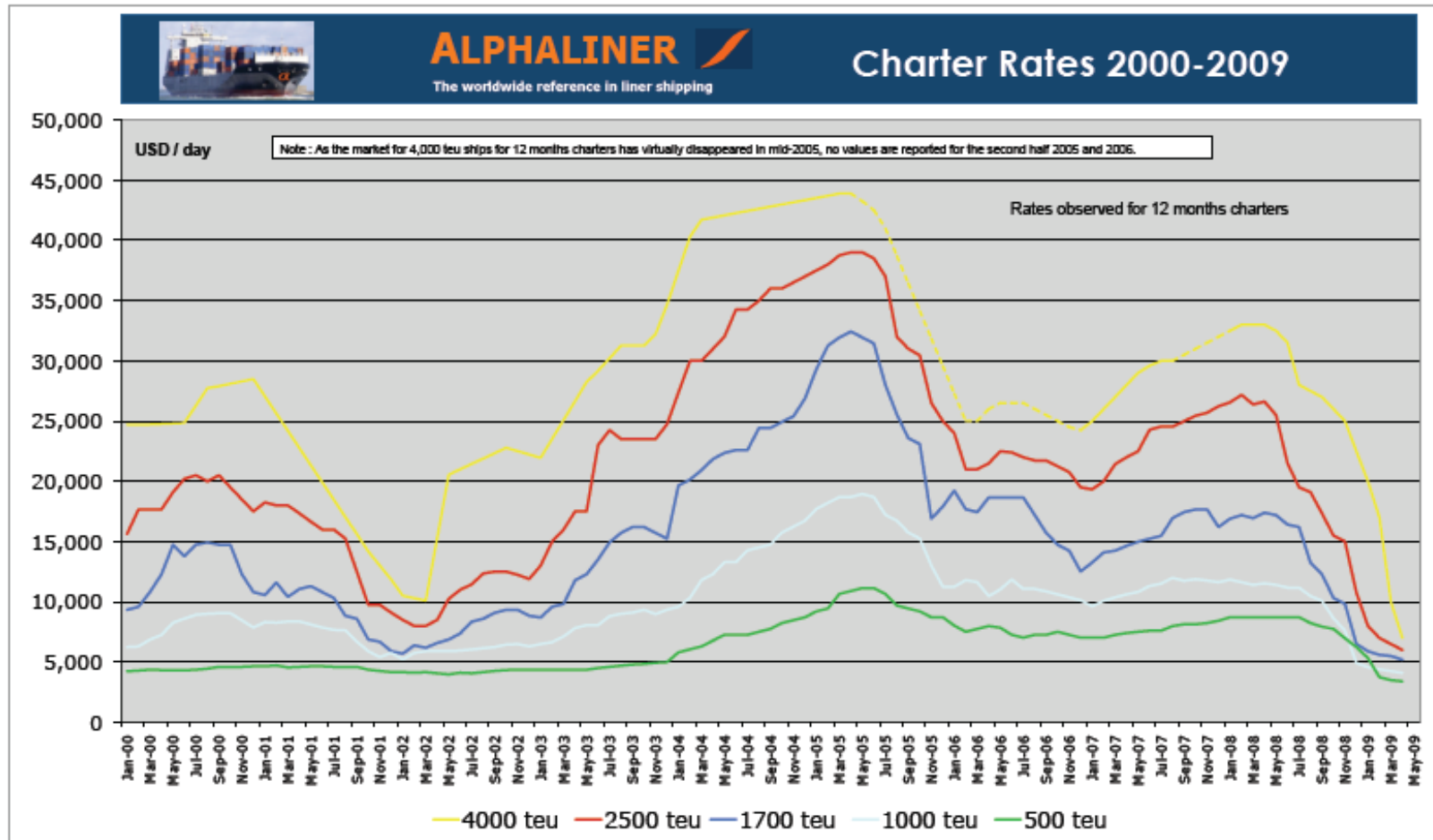
Dry bulk shipping cycles since 1948

DRY CARGO TIME CHARTER INDEX

Norwegian Shipping News/Lloyd's Ship Manager/BDI-adjusted from 1984

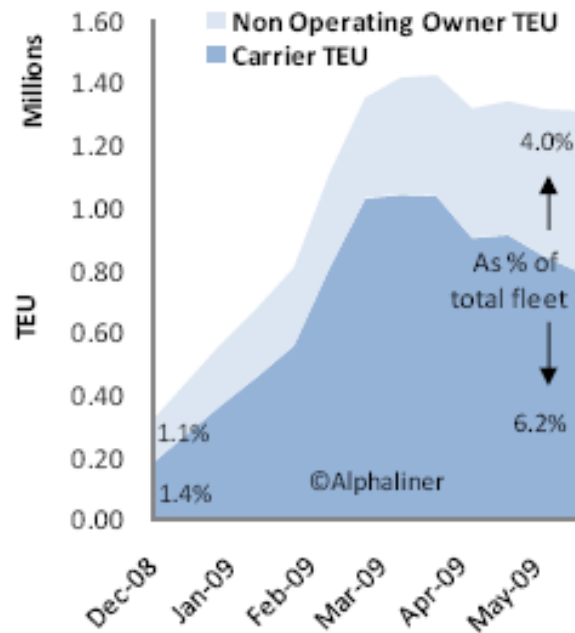


Containership market also severely affected



Growing number of idle containerships

*Idle Fleet Breakdown
Dec2008 – May 2009*



*Idle Fleet by Size Range
(As at 25 May 2009)*

Size (in teu)	No. of Units
7,500-10,000	7
5,000-7,500	49
3,000-5,000	86
2,000-3,000	123
1,000-2,000	146
500-1,000	110
Total	521

Operator fleet : 199

Non-operating owner : 322

Containership order book oversupplied...

CONTAINERSHIPS FLEET EVOLUTION IN TEU SINCE 1998

