

SHIPPING

economist



Steady as she goes

The container trade between North Europe and North America has experienced a remarkable revival since the dark days of 2009, defying the poor economic performance of most of the major countries the trade serves and somehow managing to provide a decent reward for the long-suffering lines that remain active on the route.

The available data confirms that there has been a solid recovery in demand since the closing months of 2009 – the end of an episode that was reviewed in the last Lloyd's Shipping Economist update of this trade in December of that year. The strength of the recovery has taken forecasters completely by surprise.

The data for North America includes the US, Canada and Mexico, and in the case of the material compiled by Container Trades Statistics, the European total also includes the Mediterranean. Nevertheless, the figures give a good indication

of trends in the transatlantic trades as a whole.

The CTS data show growth of 10% west- and 11% eastbound in 2010, which shows that carriers recovered some of the traffic lost the previous year when volumes contracted by 15.1% and 25.1% on those respective legs.

Liftings continued to increase in 2011, up by 9.0% and 7.6% in the first half of the year, and by 8.4% and 2.5% in the third quarter. Should the westbound total increase in the final quarter by more than 2%, as seems likely, it will have surpassed the 2008 total, but carryings on the European import leg are expected to be around 12–13% short of that year's figure.

One downside of this growth has been its lopsided nature, with the European export trade pushing ahead more vigorously than the import leg. The third quarter imbalance in loaded containers had risen to over 180,000teu, over one fifth of

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Table 1: Europe/North America trade volumes (teu)

	Westbound		Eastbound		Imbalance
2009	2,824,500	(- 15.1%)	2,495,500	(- 25.1%)	329,000
Q1 2010	703,600	(+ 8.0%)	684,400	(+ 7.6%)	19,200
Q2 2010	808,800	(+ 17.9%)	710,600	(+ 17.5%)	98,200
Q3 2010	803,700	(+ 8.6%)	674,100	(+ 6.1%)	129,600
Q4 2010	791,000	(+ 5.9%)	701,400	(+ 7.4%)	89,600
2010	3,107,100	(+10.0%)	2,770,500	(+ 11.0%)	336,600
Q1 2011	790,200	(+ 12.3%)	738,200	(+ 7.9%)	52,000
Q2 2011	858,300	(+ 6.1%)	763,200	(+ 7.4%)	95,100
Q3 2011	871,600	(+ 8.4%)	690,900	(+ 2.5%)	180,700
Q4 2011 (est)	815,000	(+ 3.0%)	720,000	(+ 2.7%)	95,000
2011 (est)	3,335,100	(+ 7.3%)	2,912,300	(+ 5.1%)	422,800

NOTE: 'North America' includes USA, Canada and Mexico; 'Europe' includes North Europe and Mediterranean, including North Africa, Levant and Black Sea.

Source: Actual figures are from Container Trades Statistics (CTS), and earlier ones from ELAA, while estimates are our own. All figures are rounded.

westbound carryings, an imbalance that implies added costs for lines active in the trade.

Drewry's estimates of growth on the North Europe route give support to the general patterns traced by the CTS statistics. Its own figures indicate increases of 17.3% west- and 11.7% eastbound in 2010, compared with decreases of 16.6% and 23.2% in the previous year.

Its autumn forecast for 2011 as a whole was for more modest increases of 5.8% and 6.0%, based on a marked slowdown in the growth rate in the third and fourth quarters.

Fluctuations in the exchange rate of the US dollar and the euro might have been expected to play a significant role in the trade movements described above, yet there appears to be a limited degree of correlation between them.

The euro was particularly fragile from May to September last year, and this presumably contributed to the impressive increase in westbound volumes, although its strength between April and August this year failed to stimulate eastbound growth. Nevertheless, the exchange rate has been relatively stable for the last few months, and this may help to even out the east/westbound growth rates for the remainder of the year.

Arguably, exchange rates play a secondary role to broader economic issues in determining demand, and the gloomy outlook for the US economy and the major European economies threatens to hold back growth in the coming months.

The recovery in demand in 2010-11 followed a period in which capacity had been slashed, a process that had culminated in the closing weeks of 2009 with the removal of two large-scale loops. Maersk axed the transatlantic segment of its TA3/TP3 pendulum service, and CMA CGM, CSCL and Evergreen closed down their joint service in the South Atlantic/Gulf/Mexico lane.

The TA3 alone accounted for around 8% of overall trade capacity, highlighting one of the problems of making adjustments on this particular trade – the relatively small number of operations, each of which contributes a significant proportion of total slots.

Maersk was able to make up some of the loss through its existing slot agreement with the New World Alliance partners on their APX pendulum, including the use of this service to replace the TA3 to/from US Pacific coast ports.

CMA CGM teamed up with then rival MSC, contributing one ship to its South Atlantic, Gulf and Mexico loop, but

Evergreen and CSCL both pulled out of this sector, with the latter actually leaving the North Europe-North America trade altogether.

The removal of around 10% of total trade slots in the fourth quarter meant that overall, trade lane capacity had been slashed by more than 20% in 2009, giving lines a firm base for the rebound in carryings in the following months.

Furthermore, there were no moves to restore any of those missing slots in the first half of 2010 and utilisation on both legs improved dramatically as the year progressed, with ships effectively full through the summer.

The first significant capacity increase in 2010 finally took place in September, when Hapag-Lloyd launched its AES shuttle between Antwerp and New York, using three ships of a relatively modest average nominal capacity of 2,750teu. With OOCL, NYK, Hamburg Süd and HMM all taking slots, the AES largely served as an overflow for two Grand Alliance loops, the ATX and PAX.

This still only brought capacity at the start of the fourth quarter back to the same level at which it had been 12 months earlier.

The following month, CMA CGM restructured its service to the US South Atlantic/Gulf and Mexico, splitting from MSC and teaming up with CSAV, which had previously only served this trade by relaying in the Caribbean basin.

The newly announced operating pact between CMA CGM and MSC could result in even closer co-operation between the two lines.

CMA CGM had clearly been the secondary partner in the joint service with MSC, but the new incarnation of its 'Victory Bridge' operation enabled it to occupy the driving seat. The main downside was the need to operate at a much smaller scale than it had with MSC, the ships deployed on the Victory Bridge/SAMEX averaging 3,100-3,120teu, as against 6,500teu on the joint operation.

MSC immediately filled the gap left by the departure of its partner's ship to retain the weekly frequency, thus lifting its own capacity on the southern route by one sixth in the process.

The AES was suspended in December for the quieter winter months, but by the end of the year capacity had reached a level 10% higher than at the beginning of January, and expansion continued apace in the opening quarter of the current year.

The AES was resumed in March, at the same scale but with a

Table 2: North Europe/North America trade: estimated slot capacity (Annualised teu*)

Operator(s)/service	US/Canada/Mexico import			US/Canada/Mexico export		
	2009	2010	2011	2009	2010	2011
a. Main range route						
Grand Alliance (3/3/3 loops)	552,700	543,600	550,900	552,700	543,600	550,900
Grand Alliance/Zim (1/1/1 loops)	221,500	240,500	240,500	221,500	240,500	240,500
Hapag-Lloyd (0/1/1 loop)	—	143,700	145,800	—	143,700	145,800
Maersk Line (2/1/2 loops)	444,700	211,800	294,700	444,700	211,800	254,300
New World Alliance (1/1/1 loop)	208,300	211,000	210,000	208,300	211,000	210,000
MSC (2/1/2 loops)	468,000	251,200	571,400	468,000	251,200	571,400
MSC/CMA CGM (1/0/1 loop)	—	322,100	—	—	322,100	—
CMA CGM/CSAV (0/0/1 loop)	—	—	165,400	—	—	165,400
CMA CGM/CSCL/Evergreen (1/0/0 loops)	115,800	—	—	115,800	—	—
Cosco/Hanjin/"K" Line/Yangming (1/0/0 loop)	73,100	—	—	73,100	—	—
Evergreen/Cosco/Hanjin/"K" Line/ Yangming (0/1/1 loops)	—	142,100	148,200	—	142,100	148,200
Atlantic Container Line (ACL)	96,500	96,500	96,500	96,500	96,500	96,500
Independent Container Line (ICL)	75,100	96,500	124,500	75,100	96,500	124,500
Other operations	54,500	54,900	81,800	54,500	57,800	83,900
Sub-total (main range)	2,310,200	2,313,900	2,629,700	2,310,200	2,316,800	2,591,400
b. St.Lawrence route						
SLCS (Hapag-Lloyd/OOCL) (1/1/1 loop)	229,500	229,500	229,500	229,500	229,500	229,500
MSC/SLCS (1/1/1 loop)	151,600	183,000	183,000	151,600	183,000	183,000
Maersk (1/1/1 loop)	150,700	150,700	150,700	150,700	150,700	150,700
Sub-total (St.Lawrence)	531,800	563,200	563,200	531,800	563,200	563,200
Total	2,842,000	2,877,100	3,192,900	2,842,000	2,880,000	3,154,600

NOTES: * At 1st October for each year. The figures, which are rounded, give estimated annualised physical slot capacity between North America (US/Canada/Mexico) and North Europe, adjusted for slots used for intermediate legs. They are not adjusted for temporary gaps or vessel substitutions, or for loading limitations. The figures are for respective operations, and do not take into account any slot charter agreements between lines and/or groupings.

Source: Boxfile Containership Database

slightly different rotation, Hamburg having been tacked on to the previous two-port shuttle format.

Two new niche services emerged, the first being Maersk's CRX, with calls at the Mexican ports of Vera Cruz and Altamira being added to its existing Caribbean circuit, and thus filling a yawning gap in the carrier's direct coverage of the region from northern Europe.

The other was a new service by Hamburg Süd and CCNI, covering the Pacific coast of Mexico, the US and Canada. The WAMS service also covers various intermediate trades, with calls at Puerto Quetzal in Central America and the lines' strategic hub at Cartagena in Colombia.

Both services were of relatively small scale, 2,500teu for CRX, and 1,800teu for WAMS. Their coverage of other trades further limited the number of slots available for North- Europe-North America cargoes.

Yet at the other end of the scale, MSC began an upgrade of its South Atlantic/Gulf/Mexico (SAGMEX) operation by introducing three 8,089teu ships cascaded from its Asian trunk routes, easily the largest ships ever used in the trade.

Consequently, by the end of March the year-on-year increase in capacity had soared above the 20% mark, well ahead of demand growth and consequently reducing the slot utilisation ratio and threatening to undermine the progress of the past year.

This situation clearly could not last and since that first-quarter spurt slot supply on the route has stabilised, with no major new capacity injections. The few vessel switches that took place tended to balance each other out, one notable move being MSC's withdrawal of its three large ships after just two round voyages

each, restoring its SAGMEX operation to the 6,700teu scale.

The year-on-year increases have thus slid gradually downwards, dipping to 11.0% west- and 9.5% eastbound by the end of September, and likely to fall into single digits by the end of the year.

During the last two years there have been capacity increases in each geographical sector, with the US Gulf and Mexico apparently making the most gains, thanks to the new Maersk link, the upgrading of MSC's operation and the replacement of the CMA CGM/Evergreen/CSCL loop with the larger-scale CMA CGM/CSAV one.

The Atlantic seaboard route lost the Maersk TA3, but this has been offset largely by the launch of the AES and upgrades to the MSC North Atlantic loop and the ICL operation.

The St.Lawrence trade has been quiet, with a capacity increase of just under 6% due to vessel replacements by MSC on its joint service with Hapag-Lloyd/OOCL. Throughput statistics for the Port of Montreal point to a poor year for North European business in 2010. A surge in shipments on the Mediterranean route accounted for most, if not all, the overall increase recorded.

The number of carriers active in the transatlantic trade has actually increased. While CSCL pulled out altogether, CSAV opened a direct service to the South Atlantic, Gulf and Mexico and CCNI to the Pacific coast. However, both Evergreen and Yangming have limited their coverage, pulling out of the southern route, while new direct services include Maersk in the Mexican Gulf trade and Hamburg Süd to/from the Pacific coast.

There has also been little change in vessel size on most operations, the main exceptions being the two MSC main-range

Table 3: North Europe/North America trade: development of slot capacity (Annualised teu*)

	2009		2010	2011
US/Canada/Mexico import	2,842,000 (-20.6%)		2,877,100 (+1.2%)	3,192,900 (+11.0%)
US/Canada/Mexico export	2,842,000 (-20.6%)		2,880,000 (+1.3%)	3,154,600 (+9.5%)
Total	5,684,000 (-20.6%)		5,757,100 (+1.3%)	6,347,500 (+10.3%)

NOTES: * At 1st October for each year. The figures, which are rounded, give estimated annualised physical slot capacity between North America (US/Canada/Mexico) and North Europe, adjusted for slots used for intermediate legs. They are not adjusted for temporary gaps or vessel substitutions, or for loading limitations. The figures are for respective operations, and do not take into account any slot charter agreements between lines and/or groupings.

Source: Boxfile Containership Database

loops, the MSC contribution to its joint service on the Montreal route, and Independent Container Line, which has moved from an average of 1,450teu to almost 2,400teu.

The 6,700teu ships used by MSC on its SAGMEX service are still the only wider-than-Panamax ships deployed in the trade, although it did use ships of this size on a few voyages on its North Atlantic service this spring, having replaced them temporarily with the 8,089teu units.

The high level of demand and controlled growth in capacity over the past two years have kept slot utilisation at enviable levels compared with some other trades, with the only blot on this picture being the slowdown in eastbound volume growth this summer.

Freight rates have consequently recovered well from their 2009 lows, when according to CTS data, westbound rates fell to around 60% of their 2008 average. Since the middle of last year they have been much stronger and are currently hovering around 90% of the 2008 mark.

Eastbound, they only dipped to around 80% in 2009, but from lower levels, and recovered gradually, surpassing the 2008 average by last summer and staying above it. This data suggests that freight rates have largely followed the pattern of the supply-demand curve on both legs.

Further information gleaned from some companies' financial reports show for example that Maersk reported a 3% increase in average freight rates on its 'transatlantic' trades over the first nine months of 2011 compared with the same period in 2010. The 1% increase in the third quarter reflects the slight deterioration that has taken place since the summer.

OOCL enjoyed an 18.2% increase in revenues on its transatlantic routes in the first nine months of 2011, with a 10.8% increase in liftings, implying a 6-7% average increase in freight rates per teu. Yet in the third quarter, volumes increased at a higher rate than revenue, indicating a slight drop in average freight rates for that period.

These figures mostly support the trends recorded in the CTS data and suggest that the combination of higher volumes and improved freight rates will give a much-needed boost to lines' revenues this year, although for most leading carriers this trade comprises a small part of total earnings.

However, some of the extra revenue will have been eaten up by higher costs, stemming mainly from bunker prices. As few lines have brought in larger ships, there has been little opportunity to reduce overall costs per slot.

Consequently, carriers have made frequent rate restoration announcements, with some degree of success, although it is too early to gauge whether much progress had been made in the main round of service contract negotiations, which took place this autumn.

The current outlook for 2012 could not be much worse,

with the eurozone crisis eating into confidence and poor economic growth forecasts on both sides of the Atlantic. On the surface, there would appear to be little hope of significant increases in trade in either industrial or consumer goods in the coming year.

However, some solace might be found in the fact that forecasters had expected both 2010 and 2011 to be very weak in trade terms, and in both instances they were proved wrong. It remains to be seen to what extent the tight fiscal climate will start to bite and reduced public and private spending impact on transatlantic volumes.

There is more optimism surrounding the developing economies of Russia and Eastern Europe, particularly for the eastbound trade, where vehicle sales have been a major source of growth in the past year or so. At the westbound end of the trade, Mexico probably offers the most potential.

Perhaps the most positive aspect of the trade is that freight rates have stayed at reasonable levels for the past 18 months or so and this situation is unlikely to change. Lines have shown a commendable ability to keep capacity in check since the 2009 cutbacks and it is difficult to see this pattern disrupted in the near future.

This trade is characterised by relatively high costs, with a high proportion of shipments involving costly inland movements and restricted opportunities for scale economies at sea. With so much money being lost elsewhere, carriers that are not present in the trade have little motivation to take the risk of trying their hand in such a demanding market.

Looking further ahead, the upgrading of US Atlantic ports to cope with the larger ships expected in the wake of the widening of the Panama Canal lock system with effect from the end of 2014 could impact on the transatlantic trade from the end of 2014.

Currently, MSC is the only carrier to use ships larger than the current Panamax capacity on the trade, even though ships of up to 9,200teu are used on several services linking Asia to the US Atlantic coast via Suez and the Mediterranean. With the possible exception of Hapag-Lloyd, its Grand Alliance partners and Maersk, only MSC has a large enough market share to justify their use on the route to/from North Europe.

The problem for most carriers is that growth in this trade is restricted and thus further operational rationalisation would be required to generate enough cargo to make the regular deployment of much larger ships worthwhile. This does not fit into the existing pattern of the trade.

While more carrier consolidation is a possibility, the probability of major changes in the North Europe-North America trade in the coming year is low and lines will be keen to focus on tackling the problems generated by the ongoing economic situation at both ends of the trade.

The search for finance



Accessibility of shipping finance has generally tightened during 2011 as banks have come under greater pressure to build capital in the face of intensifying global financial challenges, especially in the eurozone. The number of shipping banks actively lending to shipping has declined, but some institutions are managing to do new deals, though in many cases they are recouping more in pre-payments than they are releasing in new loans. Loan covenants have become tighter and most banks are confining new lending to existing clients.

Other conventional sources of shipping finance, such as bonds and public equity are also extremely limited, while private equity funds looking for shipping opportunities are mostly waiting for when they perceive markets are at a trough and the potential upsides are greatest.

These conditions are likely to persist through most of 2012 as the global financial system continues to bear the strains of massive sovereign debts in many developed economies. Banks will be spending at least as much time restructuring existing facilities as working on new loan business.

The fact that the large majority of debt finance for shipping still comes from European banks many of which are facing huge exposures to sovereign debt in the eurozone means that their ability to lend generally is curtailed and that includes to shipping. Banks' costs of funds have increased and the need to re-capitalise to meet higher regulatory requirements is further inhibiting their lending capabilities.

French banks, which have some the biggest exposures to eurozone debt, are among those cutting down their shipping commitments, including Societe Generale and BNP Paribas.

Some German banks have also been heavily exposed

and the German banking system is undergoing restructuring. This has resulted for example in leading shipping bank in terms of its portfolio, HSH Nordbank placing about \$18bn into a separate non-core entity. But if that is included in the total it still ranks as the biggest shipping bank. Having restructured it is back in action in new lending to shipping, but the scale is less than in its heyday.

In the first nine months of 2011 HSH Nordbank overall made a net loss of euro224m, but before costs associated with restructuring it made a net income of euro839m.

Another leading German shipping bank, Commerzbank, which incorporates Deutsche Schiffsbank was reported to be likely to ask the German government for more financial support. That could result in the bank becoming effectively state owned. It is currently 25% government owned. If that happened it could affect Deutsche Schiffsbank's ability to fund shipping on the same scale as in the past or to continue supporting owners in financial trouble. Commerzbank was reported to need to raise a further euro5bn to satisfy the European Union that it would be able to withstand any likely future risks.

Not all German shipping banks have struggled. Deutsche Bank is increasing its shipping activity. Specialist transport bank DVB has little sovereign debt exposure and its lending has grown. DVB has recently provided a \$51m loan for US-listed Navios Acquisition to fund two tanker newbuildings.

Despite the pressure on lending some shipping banks are still actively lending, especially in Asia, with a number of recent deals demonstrating the business still being done.

Among recent debt facilities agreed is \$500m secured by Hyundai Merchant Marine from a syndicate led by DNB Bank based in Norway to finance five containerships being

built in South Korea at Daewoo Shipbuilding and Marine Engineering. The other banks involved in the deal are Dutch bank ABN Amro, France-based Credit Agricole and two South Korean institutions, the Korea Finance Corporation and The Korea Development Bank.

Erik Borgen, DNB Head of Asia, said: "We continue to be active in maritime finance throughout the cycle and our involvement in this transaction exemplifies our continued commitment to this space. DNB is pleased to lead this facility and happy to note how successful HMM has been in securing financing on very favourable terms and with highly recognised banks in the shipping sector. This development shows that reputable ship owners with good track records can continue to tap the capital markets during times of economic uncertainty."

DnB NOR Bank and Credit Agricole are also involved in providing a \$288m debt facility for three years to Hoegh LNG to finance a pair of LNG regasification vessels. Other banks in this deal are Citi and Danske Bank and Nordea Bank.

A \$480m six year loan has been agreed to re-finance existing bank debt for Singapore-based First Ship Lease. Banks involved in this deal are ABN Amro, which is stepping up its transportation lending activity in Asia, UniCredit, IPEX, Credit Suisse and Asia-based banks OCBC, Sumitomo Mitsui, Bank of Tokyo Mitsubishi UFJ and Korea Development Bank. The pricing of the loan at LIBOR plus up to 3% illustrates the higher spreads now common.

The two leading Norwegian ship finance banks, DnB NOR and Nordea are also both involved in a \$1.5bn seven-year refinancing facility for BW Group along with 12 other banks spreading the risk. Other banks involved include HSH Nordbank, Deutsche Bank, HSBC, IPEX, BTMU and Dutch bank ING. The scale and size of the syndicate in this deal is exceptional in the current climate.

Statistics for syndicated lending to shipping in the first nine months of 2011 showed total lending of \$45bn, slightly higher than each of the previous two years, but the third quarter figure of \$11.8bn was the lowest quarterly total since the second quarter of 2010.

UK-based but Asia-focused Standard Chartered is becoming increasingly active in shipping finance and recent deals include funds for Hong Kong-based containership operator Orient Overseas International to finance two newbuild boxships.

Among other banks that have been active in shipping this year is Switzerland-based Credit Suisse, managing director for ship finance John Haefelfinger said that it has been the active ship financier in the last 12 months and has done bilateral shipping deals worth more than \$3bn. It has also opened new offices in Hamburg and Singapore, in addition to its main office in Geneva.

Recent research by Petrofin Research in Greece put total shipping debt portfolios of the top 40 shipping banks at \$461bn, accounting for an estimated 92% of total shipping bank debt. The top six shipping banks had portfolios aggregating \$176bn. However, it also confirmed that more banks are reducing their shipping exposure than increasing it.

European banks still account for just over 80% of the total, with Asian banks' share edging up to nearly 17%.

Chinese banks are active but have only partly filled the gap left by the withdrawal of European capacity. Chinese bank deals are tied to Chinese connections, through

shipbuilding contracts at Chinese yards or for ships contracted to Chinese charterers. Some Chinese banks have set up leasing operations that are also supporting shipping deals.

Petrofin's analysis estimated total ship finance requirements for the next three years to 2014 of up to \$140bn, including newbuilds, secondhand deals and company refinancing. After taking account of expected repayments the net additional requirement is about \$34bn, but there is some doubt in the current financial climate about the assumption that banks will recycle repayments back into new loans.

Margins for shipping loans and associated fees are at their highest level for more than 30 years. Petrofin managing director Ted Petropoulos commented: "The quality of shipping loan portfolios is declining, loan loss provisions and workouts are increasing and the industry is bracing itself for a tough 2012."

Possible alternative sources of funding are also restricted. Bond issues have reduced significantly and are only open to relatively few companies. Public equity is similarly limited to secondary issues and the reputation of shipping among public investors has been hit by the disappearance of profits and in many cases dividend payments. Private equity remains an option, but German KG finance has all but dried up and private funds are looking for specific opportunities with substantial returns and clear exit strategies. In some cases private equity is injecting much needed cash to keep companies afloat, but will expect to benefit from a strong upside when markets recover.

Financing for shipping is therefore likely to stay tight through 2012 and the cost of raising money will remain higher than it was before the financial crisis. But the deals that have been done this year show that there are funds available for the right deals to the right companies.

Banks with shipping loan portfolios of at least \$10bn

Bank	Shipping Portfolio (\$bn)
HSH Nordbank (a)	42
DNB NOR	33
Commerzbank (b)	28
Nordea	20
Nord LB	20
RBS	19
KfW	18
BNP Paribas	18
BTMU	17
Credit Suisse	17
HSBC	17
DVB	15
Bank of China	15
ICBC	15
Lloyd's Banking Group	14
Credit Agricole	13
China Exim	12
Unicredit	11
SMBC	11
Danish Ship Finance	10
Deutsche Bank	10

Notes: (a) includes assets in non-core bank (b) includes Deutsche Schiffsbank and Dresdner Bank
Source: Petrofin Research

Dry Bulk Supply: Current Fleet by Size & Age (As at 01 Dec 2011)

	Total No.	m dwt
0-4	3180	257.79
5-9	1230	92.1
10-14	1135	75.03
15-19	891	70.83
20-24	488	38.44
25+	1693	68.14
Total Bulk	8617	602.35
Combi	53	6.24
Total Bulk and Combi	8670	608.59
Idle	56	2.87
Active Fleet	8614	605.72

Source: Lloyd's List Intelligence

Dry Bulk: Orderbook

For delivery	Total No.	m dwt
2011	393	28.34
2012	1525	127.86
2013	513	43.59
2014	82	7.68
2015	3	.6
Total	2516	208.09

Source: Lloyd's List Intelligence

Prices (\$m)

Newbuilding

	mid-Dec
Handysize - 28,000	23
Handymax - 57,000	27
Panamax - 75,000	29
Capesize - 170,000	48

Source: Market Reports

Secondhand - 5 year old

	mid-Dec
Handysize - 28,000	21
Handymax - 55,000	25
Panamax - 72,000	26
Capesize - 170,000	37

Source: VesselsValue

LSE TTCI Indices

LSE Tramp Trip Charter Indices

	Latest November month	Previous November	% Change	Last Year November	% Change
12-29,999 dwt	n/a	n/a	n/a	n/a	n/a
20-34,999 dwt	252	321	-21	328	--23
35-49,999 dwt	257	321	-20	331	-22
50-84,999 dwt	309	357	-13	397	-22
85,000+ dwt	272	304	-11	409	-33
Combined	295	340	-13	391	-25

Source: LSE

Coal Exports

From	AUG 2011		SEP 2011	
	No. of Sailings	Total mdwt	No. of Sailings	Total mdwt
Australia	441	44.27	384	38.75
Canada	84	6.19	98	7.19
China	167	17.64	171	18.89
Colombia	30	3.66	6	.88
FSU/ Baltics	63	3.22	61	3.16
Indonesia	58	5.2	46	4.13
Poland	17	.88	12	.6
South Africa	119	11.17	95	7.57
USA	71	5.27	59	4.66
Venezuela	6	.15	9	.43

Source: Lloyd's List Intelligence

Grain Exports

From	AUG 2011		SEP 2011	
	No. of Sailings	Total mdwt	No. of Sailings	Total mdwt
Argentina	282	15.11	290	15.11
Australia	103	4.72	90	4.72
Canada	26	.85	17	.85
USA	33	2.12	27	2.12

Source: Lloyd's List Intelligence

Iron Ore Exports

From	AUG 2011		SEP 2011	
	No. of Sailings	Total mdwt	No. of Sailings	Total mdwt
Australia	249	41.56	261	43.58
Brazil	302	36.86	301	34.19
Chile	8	.79	14	1.29
India	250	14.48	250	13.88
Mauritania	3	.14	2	.17
Norway	20	1.88	18	1.75
South Africa	27	3.37	41	5.71
Venezuela	6	.31	6	.35

Source: Lloyd's List Intelligence

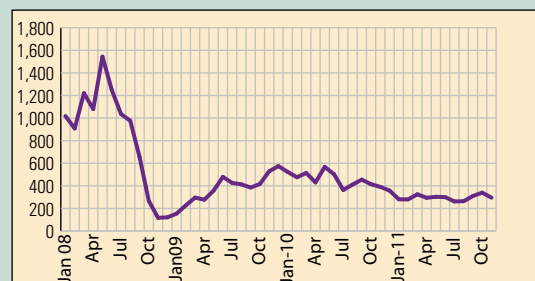
Demolition Prices (\$/ldt)

Mid-Dec

	Dry	Tanker
India	465	495
Bangladesh	n/a	n/a
Pakistan	460	485
China	395	415

Source: GMS

LSE TTCI combined index



Source: LSE

Crude Tankers

Age	Total	
	No.	m dwt
0-4	701	129.92
5-9	581	96.98
10-14	317	60.58
15-19	224	39.01
20-24	72	11.59
25+	20	2.67
Total	1915	340.77
Idle	30	5.94
Active Total	1885	334.83

Source: Lloyd's List Intelligence

Product Tankers

Age	Total	
	No.	m dwt
0-4	477	28.07
5-9	327	17.51
10-14	133	7.55
15-19	126	4.91
20-24	95	4.04
25+	170	4.66
Total	1328	66.77
Idle	23	.64
Active Total	1305	66.13

Source: Lloyd's List Intelligence

Chemical/Oil Tankers

Age	Total	
	No.	m dwt
0-4	769	23.44
5-9	340	11.94
10-14	182	6.15
15-19	79	2.44
20-24	61	2.42
25+	63	1.83
Total	1494	48.25
Idle	9	.27
Active Total	1486	48.02

Source: Lloyd's List Intelligence

Pure Chemical Tankers

Age	Total	
	No.	m dwt
0-4	254	5.55
5-9	254	7
10-14	123	2.67
15-19	49	1.09
20-24	23	.65
25+	38	1.14
Total	741	18.12
Idle	5	.11
Active Total	736	18.01

Source: Lloyd's List Intelligence

Orderbook

2011	30	6.47
2012	157	30.94
2013-2015	99	21.78
Total	286	59.2

Source: Lloyd's List Intelligence

Orderbook

2011	25	1.2
2012	113	5.88
2013-2015	54	3.02
Total	192	10.12

Source: Lloyd's List Intelligence

Orderbook

2011	23	.63
2012	49	1.55
2013-2015	5	.19
Total	77	2.38

Source: Lloyd's List Intelligence

Orderbook

2011	19	.4
2012	29	.71
2013-2015	5	.28
Total	53	1.39

Source: Lloyd's List Intelligence

LNG Carrier Supply - Current Fleet (01 Dec 2011)

Capacity (m cu m)

Age	Total	
	No.	Capacity
0-4	148	25.87
5-9	91	12.76
10-14	30	3.67
15-19	28	3.3
20-24	6	.77
25+	44	4.93
Total	347	51.32
Idle	8	.98
Active fleet	339	50.34

Source: Lloyd's List Intelligence

Orderbook

2011		
2012	4	.74
2013-2015	38	6.22
Total	42	6.97

Source: Lloyd's List Intelligence

LPG Carrier Supply - Current Fleet (01 Dec 2011)

Capacity (m cu m)

Age	Total	
	No.	Capacity
0-4	274	7.55
5-9	133	3.52
10-14	155	2.28
15-19	171	2.47
20-24	148	2.03
25+	320	1.56
Total	1201	19.44
Idle	29	.11
Active fleet	1172	19.32

Source: Lloyd's List Intelligence

Orderbook

2011	10	.05
2012	33	.37
2013-2015	22	.48
Total	65	.91

Source: Lloyd's List Intelligence

Prices (\$m)

Newbuilding Prices (\$m)

		Dec
Handymax (Clean)	45,000 dwt	34
Panamax	72,000 dwt	41
Aframax	110,000 dwt	52
Suezmax	160,000 dwt	60
VLCC	300,000 dwt	99

Source: Market reports

Secondhand Prices (\$m) mid-Dec

	5 Years
Handymax (Clean)	27
Panamax	32
Aframax	33
Suezmax	47
VLCC	56

Source: VesselsValue

LSE Tanker Indices

	Index (Nov)	Change (last month)
VLCC (>200,000 dwt)	55	+10
Suezmax (120-200,000 dwt)	78	-8
Aframax (70-120,000 dwt)	91	-11
Handy (25-70,000 dwt)	152	+5
Clean	149	+1

Source: LSE/Lloyd's List Intelligence

LNG Sailings

Main Export Areas

To	SEP 2011	
	No.	cu m (Million)
Arabian Gulf	110	18.62
Australia	16	2.2
Caribbean	24	3.31
North Africa	39	3.81
SE Asia	84	10.09
West Africa	24	3.4

Main Import Areas

To	No.	
	No.	cu m (Million)
Asia	187	25.54
Europe	51	5.79
North America	4	.56

Source: Lloyd's List Intelligence

Middle East Gulf LNG sailings



Source: Lloyd's List Intelligence

Ro Ro Supply (As at 01 Dec 2011)

Current Fleet

Age	No.	Total m dwt
0-4	90	.95
5-9	138	1.31
10-14	200	1.29
15-19	170	.82
20-24	204	.99
25+	976	4.61
Total Roro	1778	9.99
Idle	108	.17
Active Fleet	1670	9.82

Source: Lloyd's List Intelligence

Orderbook

2011	7	.09
2012	27	.33
2013	8	.13
2014	4	.09
2015		
Total	46	.64

Source: Lloyd's List Intelligence

Vehicle Carrier Supply (As at 01 Dec 2011)

Current Fleet

Age	No.	Total m dwt
0-4	295	5.14
5-9	111	1.88
10-14	139	2.25
15-19	71	.84
20-24	70	.77
25+	116	1.51
Total Vehicle Carrier	802	12.42
Idle	6	.06
Active Fleet	796	12.35

Source: Lloyd's List Intelligence

Orderbook

2011	15	.23
2012	33	.59
2013	9	.15
2014	1	.06
2015		
Total	58	1.05

Source: Lloyd's List Intelligence

Containership Supply (01 Dec 2011)

Current Fleet (teu)

Age	Total
Unclassified	20153
0-4	6017957
5-9	4383052
10-14	2787220
15-19	1610157
20-24	681396
25+	1203690
Total ucc	16703625

Source: Lloyd's List Intelligence

Orderbook

Age	Total
2011	1182948
2012	1618757
2013	937655
2014/15	295432
Total	4034792

Source: Lloyd's List Intelligence

General Cargo Ships (Over 5,000)

Current Fleet (m dwt) (over 5,000 dwt)

Age	No.	Total m dwt
0-4	1157	13.28
5-9	550	6.5
10-14	567	6.93
15-19	357	3.86
20-24	329	3.49
25+	1759	18.81
Total	4719	52.9
Idle	80	.85
Active Fleet	4640	52.05

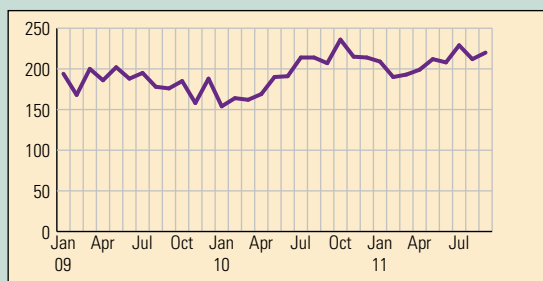
Source: Lloyd's List Intelligence

Orderbook

2011	212	2.18
2012	242	3.3
2013	54	1.13
2014	9	.11
2015		
Total	517	6.73

Source: Lloyd's List Intelligence

N America W Coast containership sailings ships over 3,000 teu



Source: Lloyd's List Intelligence

Charter Rates

Howe Robinson Container Index

	Index
23-Nov-11	528.8
30-Nov-11	519.5
07-Dec-11	514.0
14-Dec-11	498.8

Source: Howe Robinson Shipbrokers

Containerships - SEP 2011

Area	1-2,999 teu		3,000 teu +	
	No.	'000 teu	No.	'000 teu
East Coast N America	115	223.7	227	1040.5
West Coast N America	59	139.8	216	1283.3
Gulf Coast N America	28	57.7	47	204.2
Total N America	198	410.7	451	2366.8
North Europe	281	512.8	264	1787.7
Baltic	163	234.3	10	80.3
South Europe	432	785.8	327	2000.7
Black Sea	122	207.9	44	225
Total Europe	419	793.1	424	2662.2
Japan	311	465.2	188	1016
South Korea	323	537.2	395	2271.8
China	757	1286.1	1144	7414.5
Hong Kong	591	1043.9	591	3723.4
Taiwan	382	628.6	255	1413.7
Singapore	671	1209.3	549	3324.9
Other SE Asia	795	1378	438	2621.2
Indian Subcontinent	206	395.4	198	946.5
Total Asia	659	1198.2	1140	6960.8
Arabian Gulf	134	269.1	232	1353.2
South America Atlantic	168	303.9	167	754
South America Pacific	64	132.1	58	258.7
Total South America	219	408.4	224	1008.5
North Africa	190	312.3	162	870.6
East Africa	93	168.4	27	131.2
West Africa	150	304.2	24	81.7
South Africa	76	150.3	61	313.4
Total Africa	407	757.3	249	1275.9
Australia	54	118.9	68	274.5
New Zealand	46	105.7	14	47.7
Total Australia	51	116.3	63	257.8

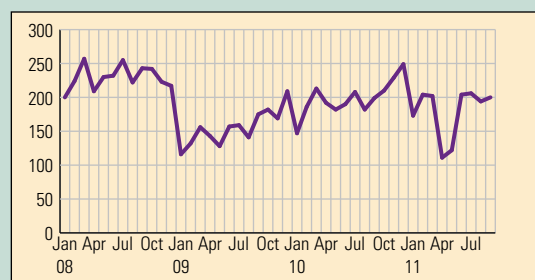
Source: Lloyd's List Intelligence

Ro-Ro - SEP 2011

Area	No.	m dwt
US Atlantic	98	1.06
US Gulf	19	.3
N America - Pacific	68	.57
N Cont Europe	918	8.31
Scandinavia/Baltic	1416	9.11
UK/Eire	1531	11.81
E Mediterranean	148	1.05
Iberian Atlantic	213	.97
S Europe	1467	9.22
Black Sea	338	2.06
Far East - China Sea	401	2.34
Japan	1052	4.99
Far East - Asean	253	.99
Persian Gulf	115	.39
Red Sea	46	.29
S and E Africa	27	.45
N Africa	231	1.09
W Africa	84	1.08
Central America	42	.64
Caribbean	193	.76
S America - Atlantic	140	1.14
S America - Pacific	56	.17
Australasia	112	.85
Indian Sub Continent	26	.26
Great Lakes - Canada	175	.59

Source: Lloyd's List Intelligence

Japan car carrier sailings



Source: Lloyd's List Intelligence

Vehicle Carrier - SEP 2011

Area	0-9,999 dwt		10-14,999 dwt		15,000 dwt+		Total	
	No.	m dwt	No.	m dwt	No.	m dwt	No.	m dwt
East Coast USA	0	0	10	.12	65	1.41	75	1.53
West Coast USA	2	.01	21	.27	28	.59	51	.89
Gulf Coast USA	0	0	3	.03	17	.33	20	.37
Total North America	2	.01	29	.37	94	2.02	125	2.41
North Europe	58	.3	14	.18	84	1.9	156	2.39
South Europe	82	.4	23	.28	58	1.27	163	1.97
Black Sea	11	.05	11	.13	10	.19	32	.37
Total Europe	28	.15	19	.23	84	1.89	131	2.28
Japan	47	.27	46	.58	106	2.14	199	3
South Korea	23	.12	31	.39	73	1.58	127	2.09
Malaysia	13	.1	8	.1	7	.13	28	.34
China	30	.19	26	.32	65	1.35	121	1.87
Total Asia	62	.36	56	.73	138	2.83	256	3.92

Source: Lloyd's List Intelligence