





- *The dry bulk market has disappointed after Q1 2014*
- *We have had the unusual situation where the Pacific is out performing the Atlantic.*
- *Supply side has developed as expected and net fleet growth is at 10 year lows.*
- *Reduced congestion in the Atlantic has negatively affected the Atlantic market.*
- *Iron ores trades are showing good growth in 2014, helping the capes.*
- *Coal trades have disappointed especially to China due to increased rainfall and greater hydro-electric output in 2014.*
- *Minor bulks have performed reasonably well but remain weighed down by the Indonesian export ban for nickel ore and bauxite trades.*
- *The growth rate for the Chinese economy has disappointed of late but with low level of inflation could be positioned for stimulus efforts.*
- *Dry bulk confidence has been hit and the ‘traditional’ Q4 rally has failed to materialise except for capesize.*

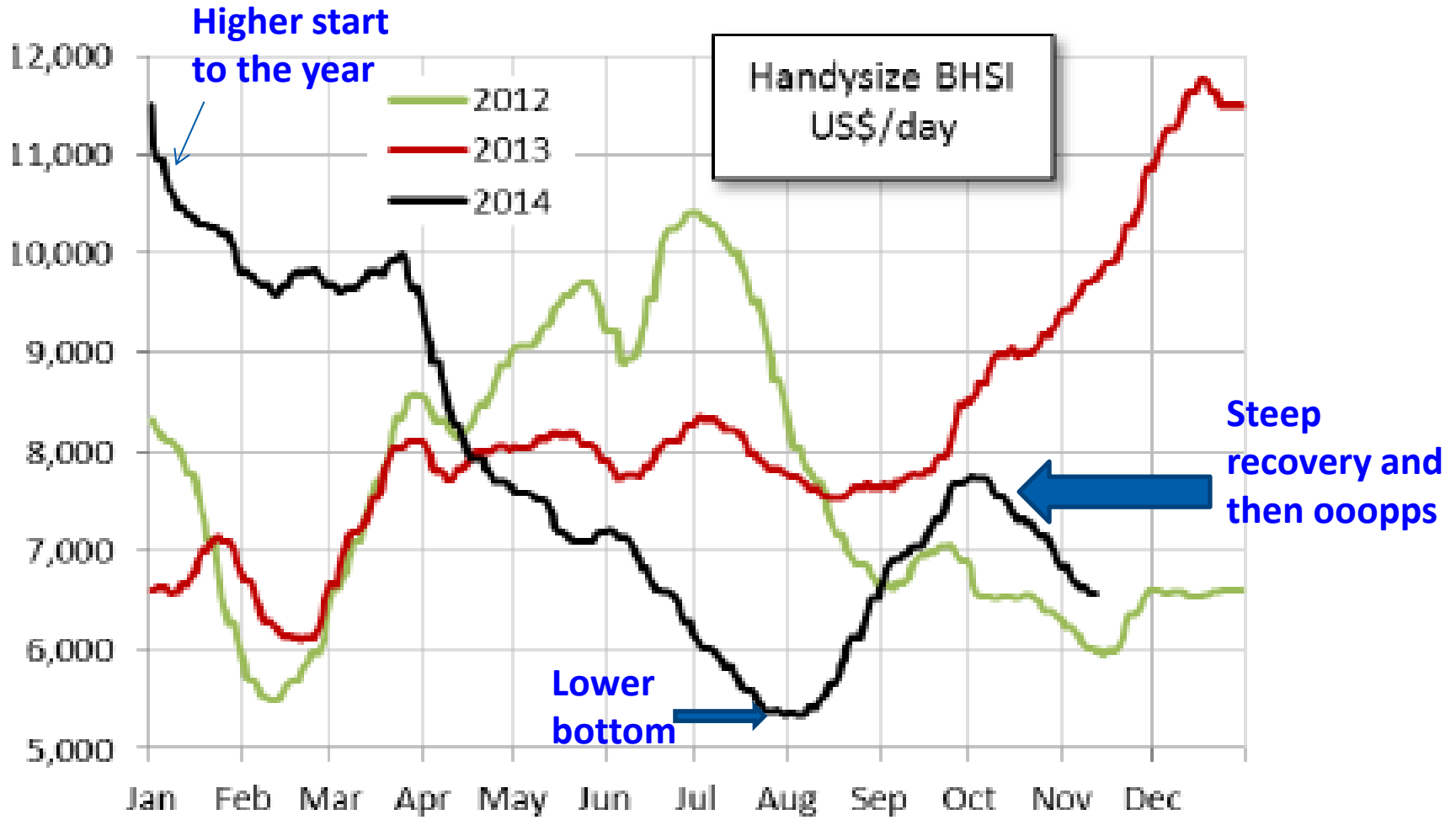


A long term view on dry bulk freight rates



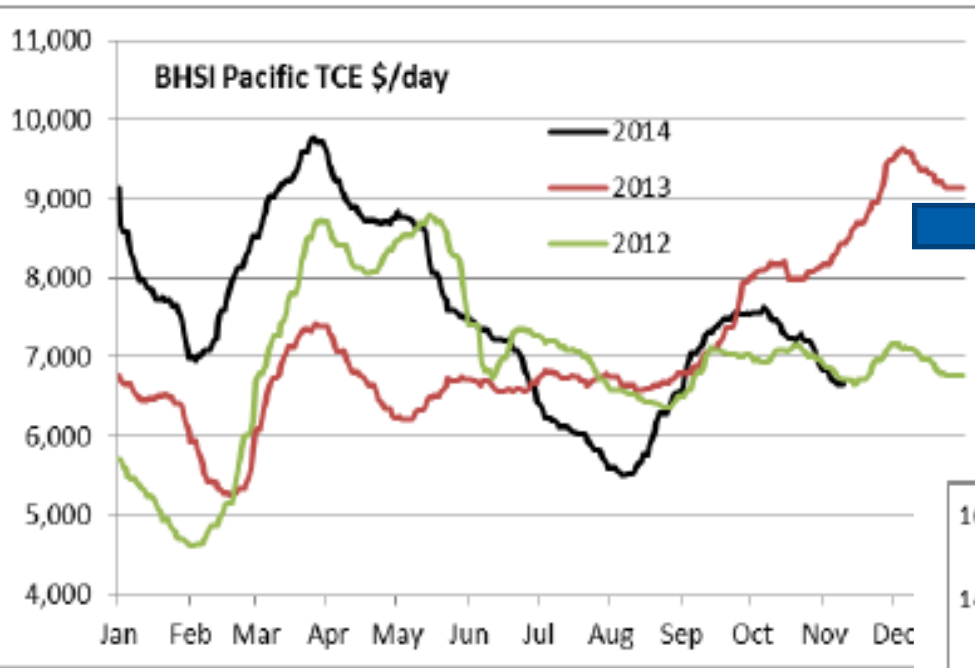


BHSI (Handysize index) 2012 - 2014



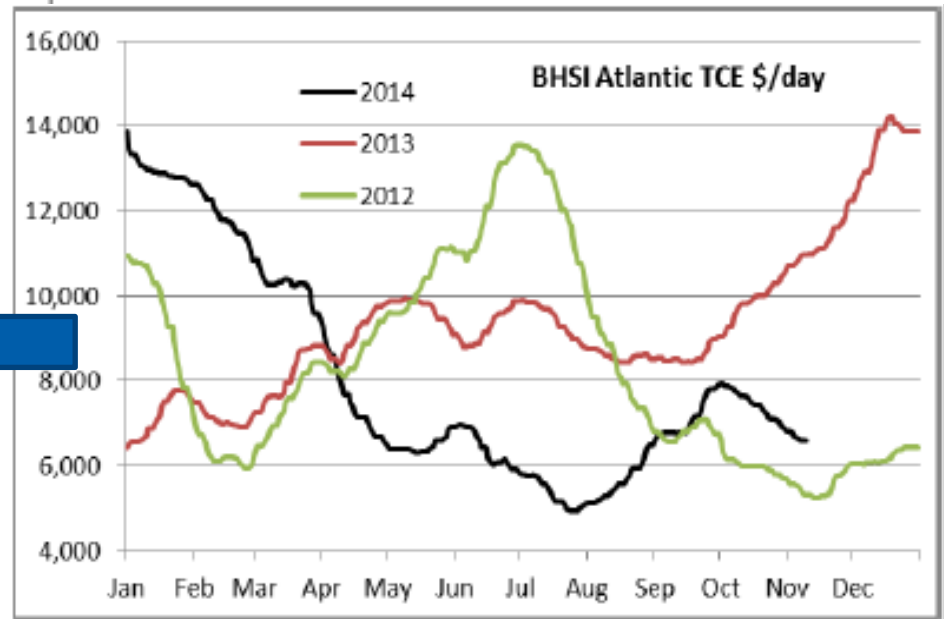


Handysize - where are we today?



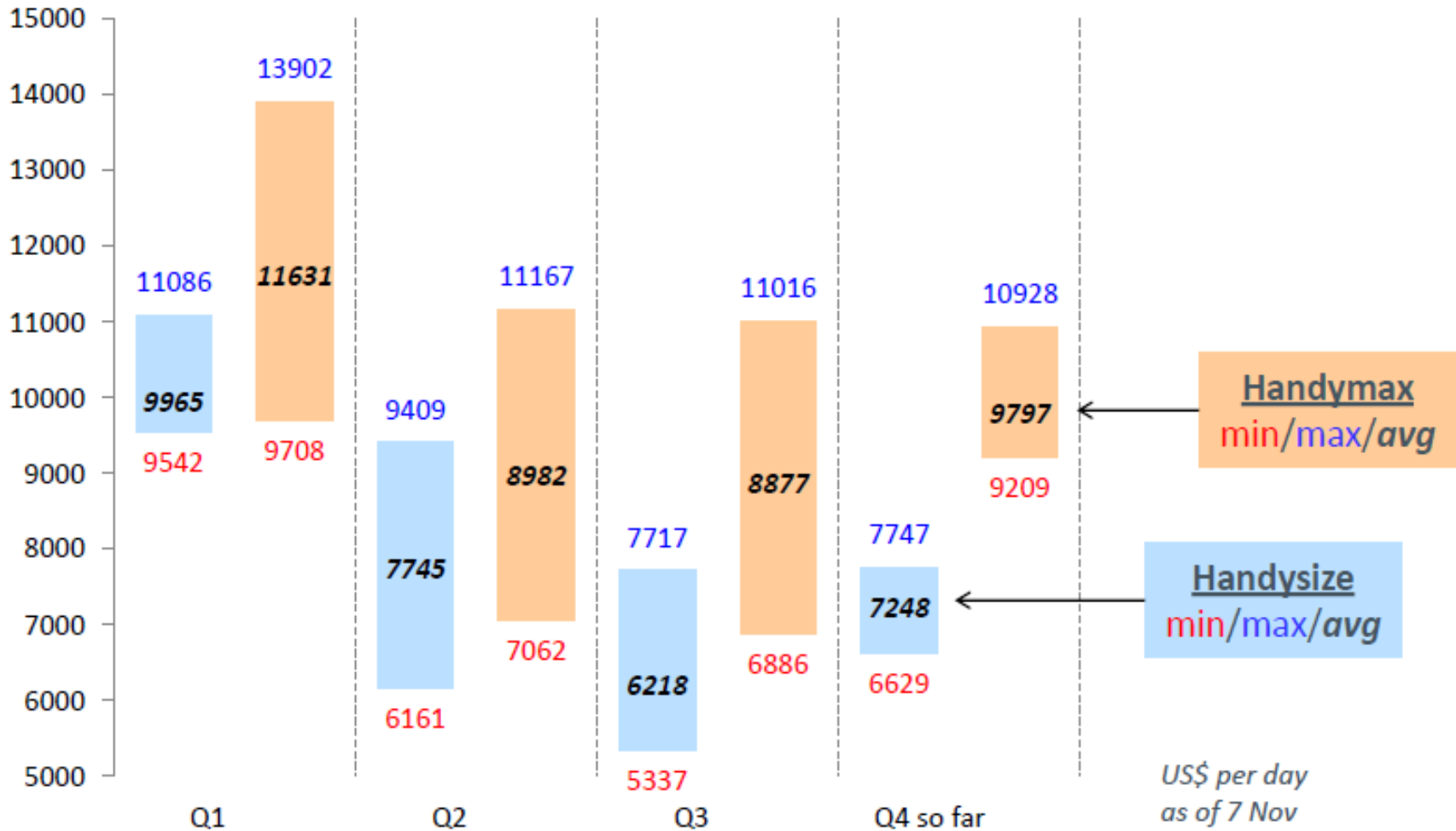
- Pacific out performing Atlantic.
- Coming off the high and now falling off again.
- Has Q1 dip come early?

- Atlantic has struggled all year.
- False upswing commenced August, ended mid October!
- Where has the Q4 uptick gone?



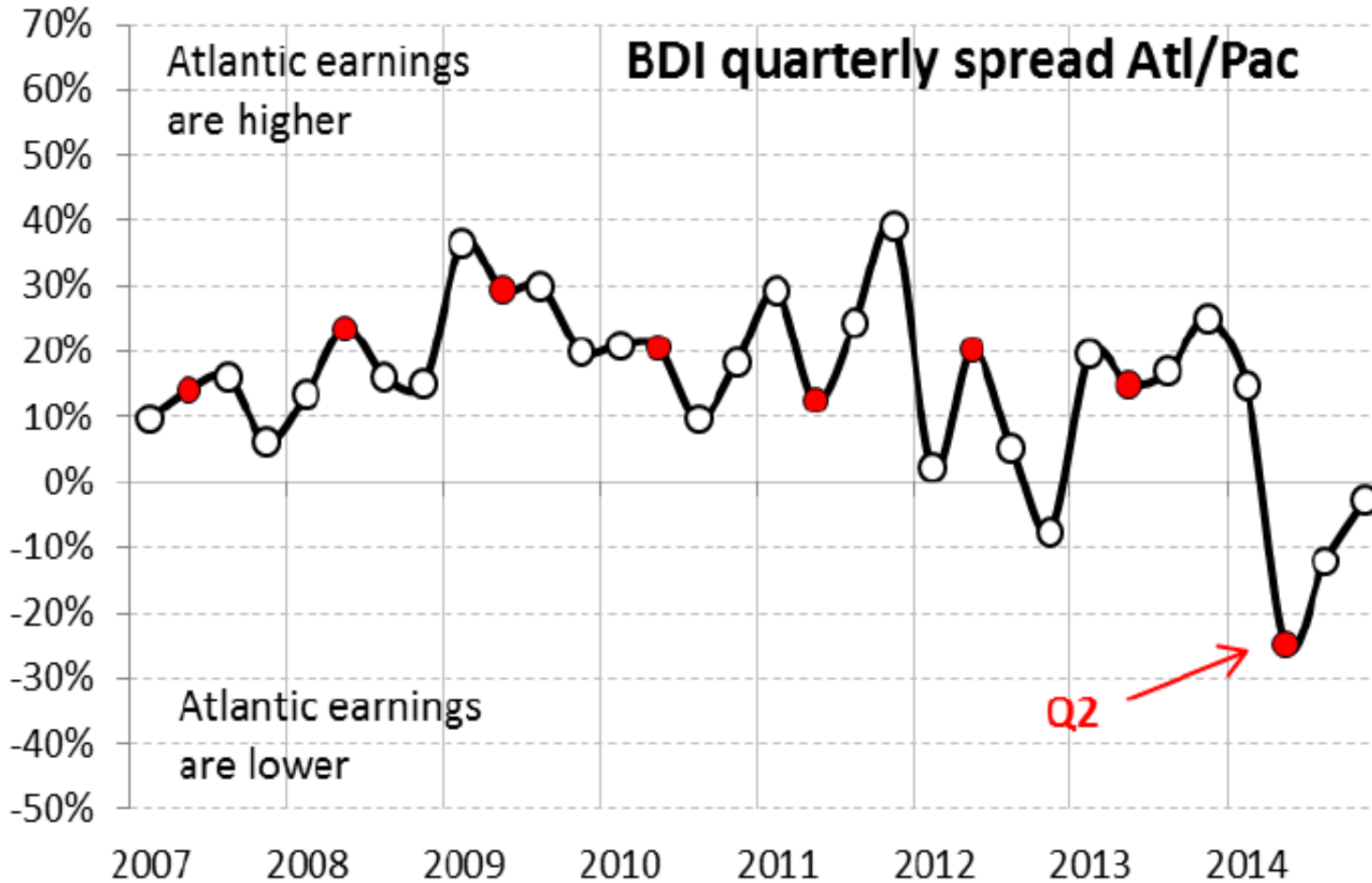


Handysize and handymax TCE in 2014 by quarter





Pacific outperforming Atlantic???



Based Atl/Pac average TCE for all four drybulk sectors

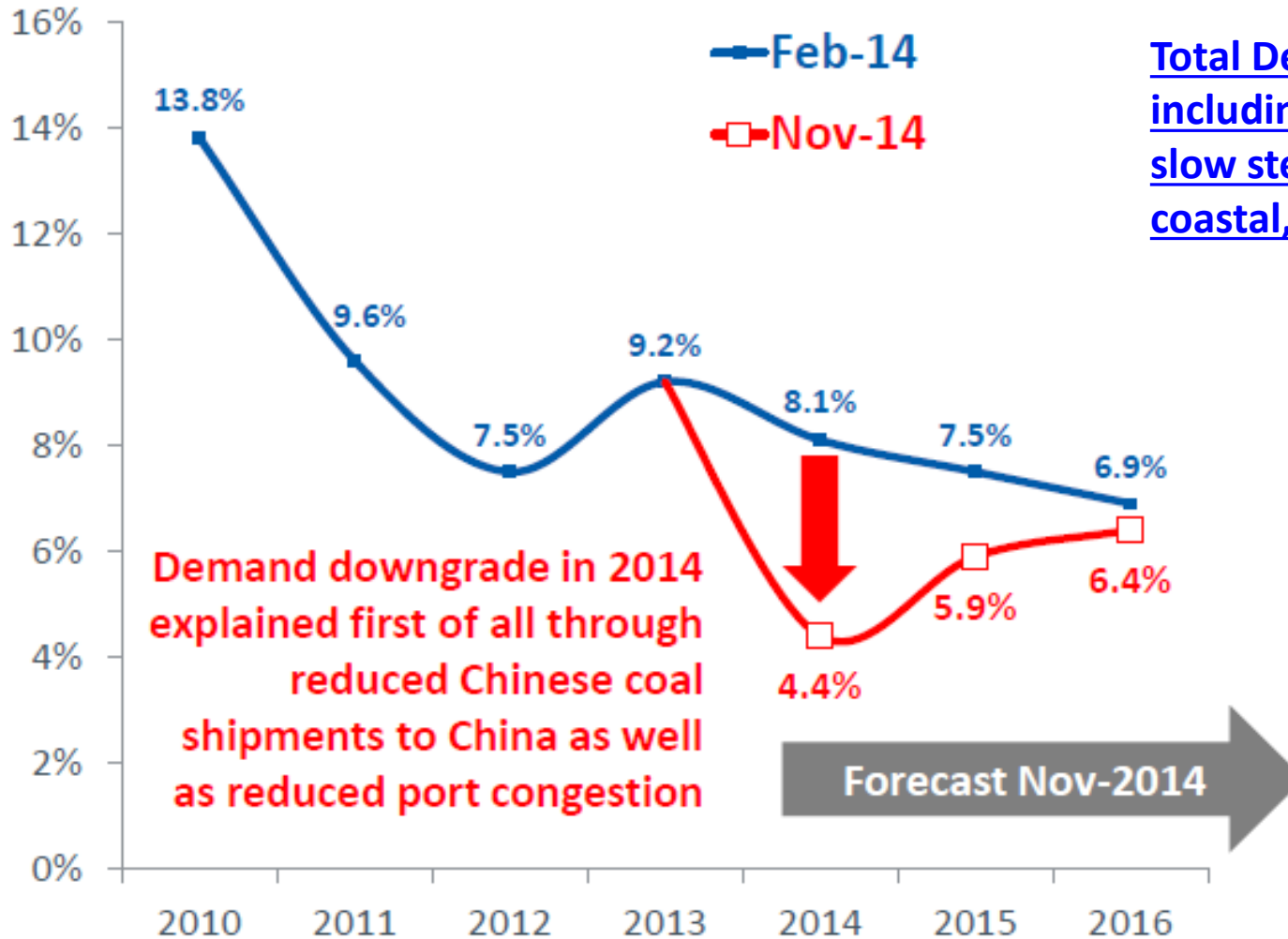


Pacific Basin

THE DEMAND SIDE



The latest demand forecast from Platou has been revised down



Total Demand growth including tonne miles, slow steaming, China coastal, congestion etc.

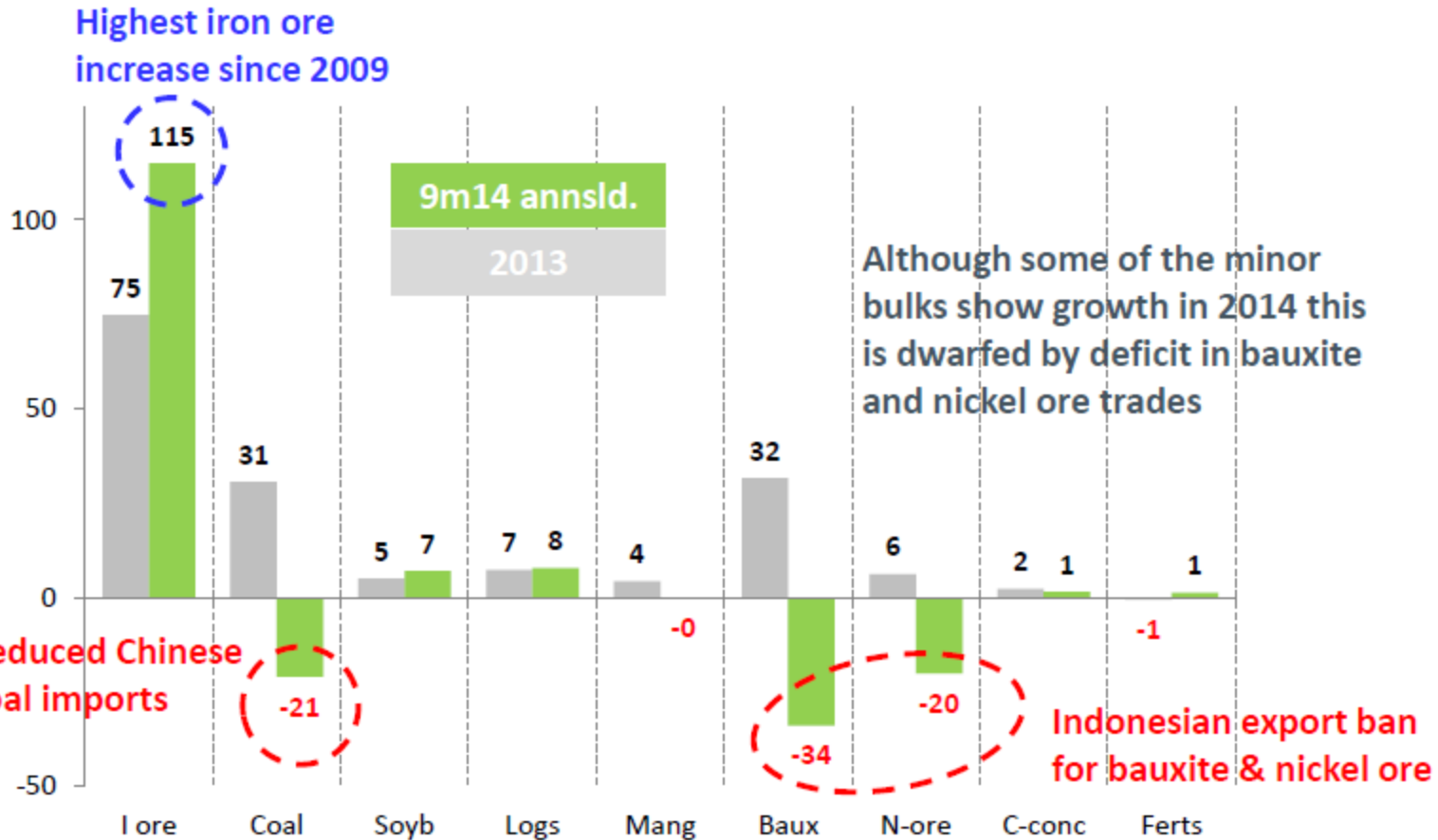
Demand downgrade in 2014 explained first of all through reduced Chinese coal shipments to China as well as reduced port congestion

Forecast Nov-2014



YOY growth in Chinese drybulk demand imports 2013 /2014

Pacific Basin

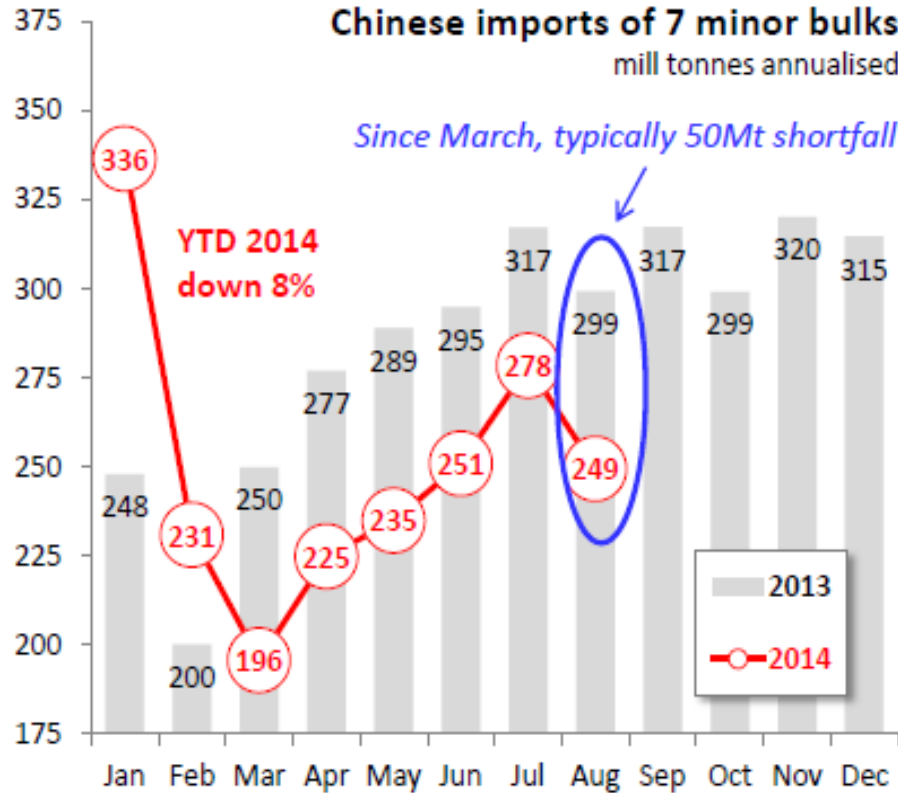


Change in million tonnes from previous year

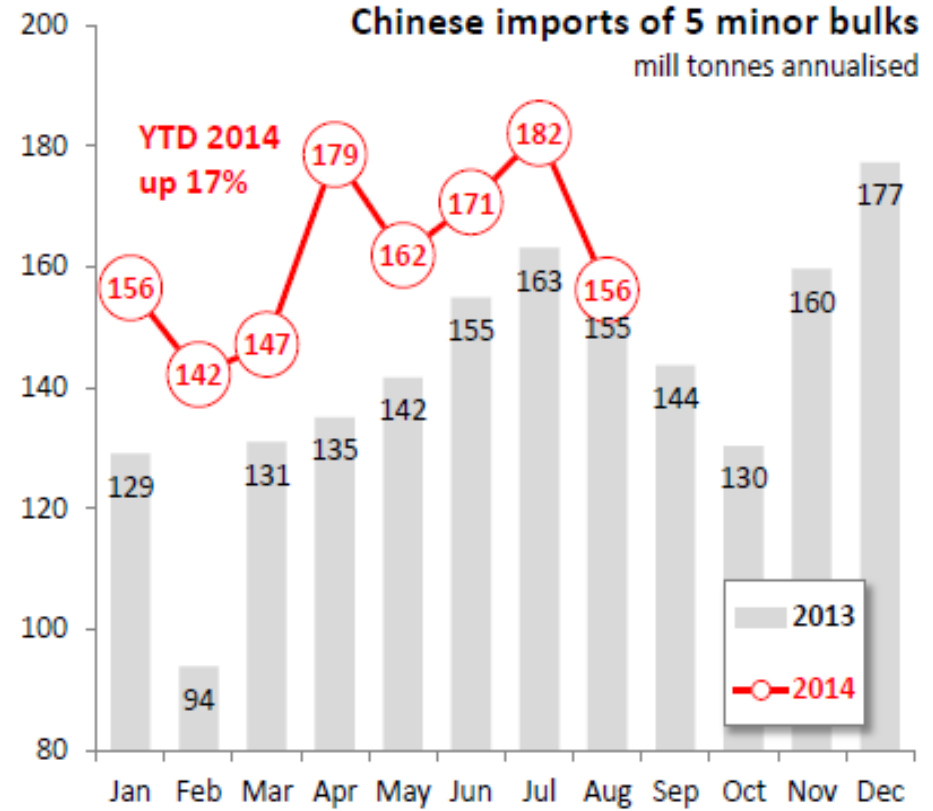


Pacific Basin

Minor bulks weighed down by Indonesian export ban of nickel ore



Covers soybean, logs, manganese ore, copper concentrate, fertiliser, bauxite and nickel ore



Same as on the left except without bauxite and nickel ore trades which are affected by the Indonesian ban

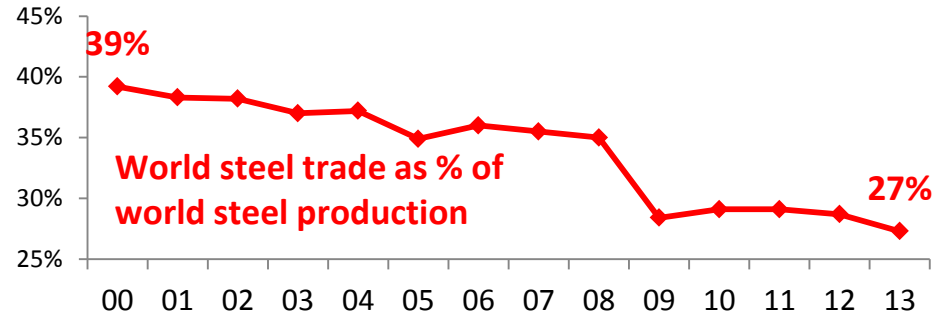


Chinese steel export is growing strongly

Chinese steel export is increasing strongly but China is still punching below its weight as a World steel giant

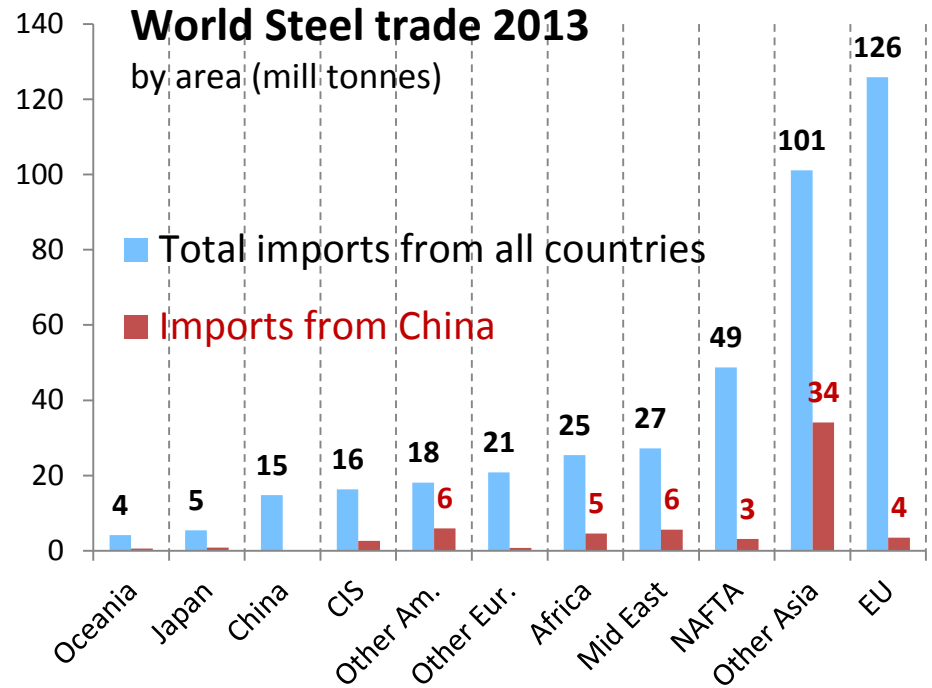
Chinese steel trade

Million tonnes annualised

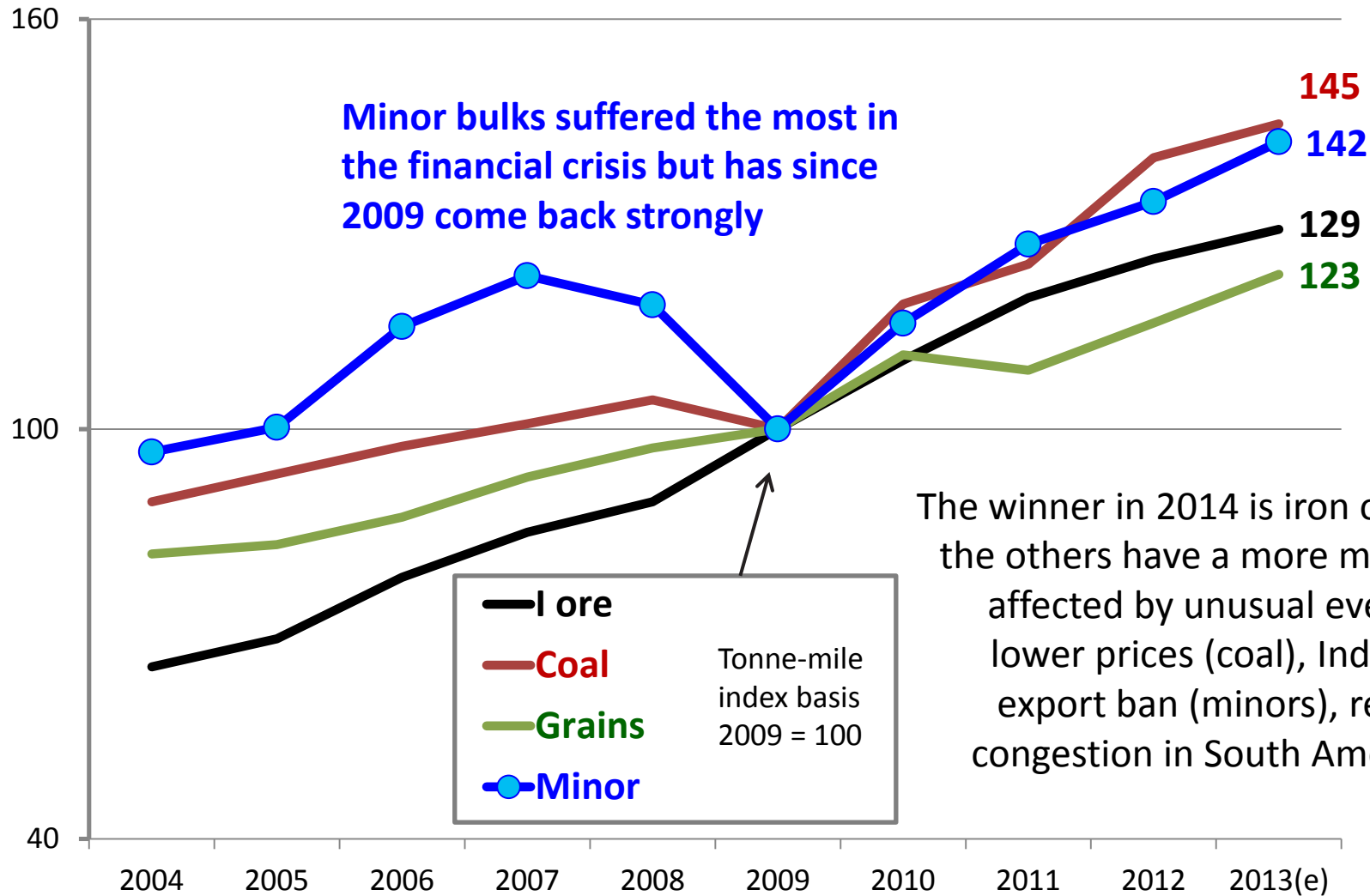


World Steel trade 2013

by area (mill tonnes)

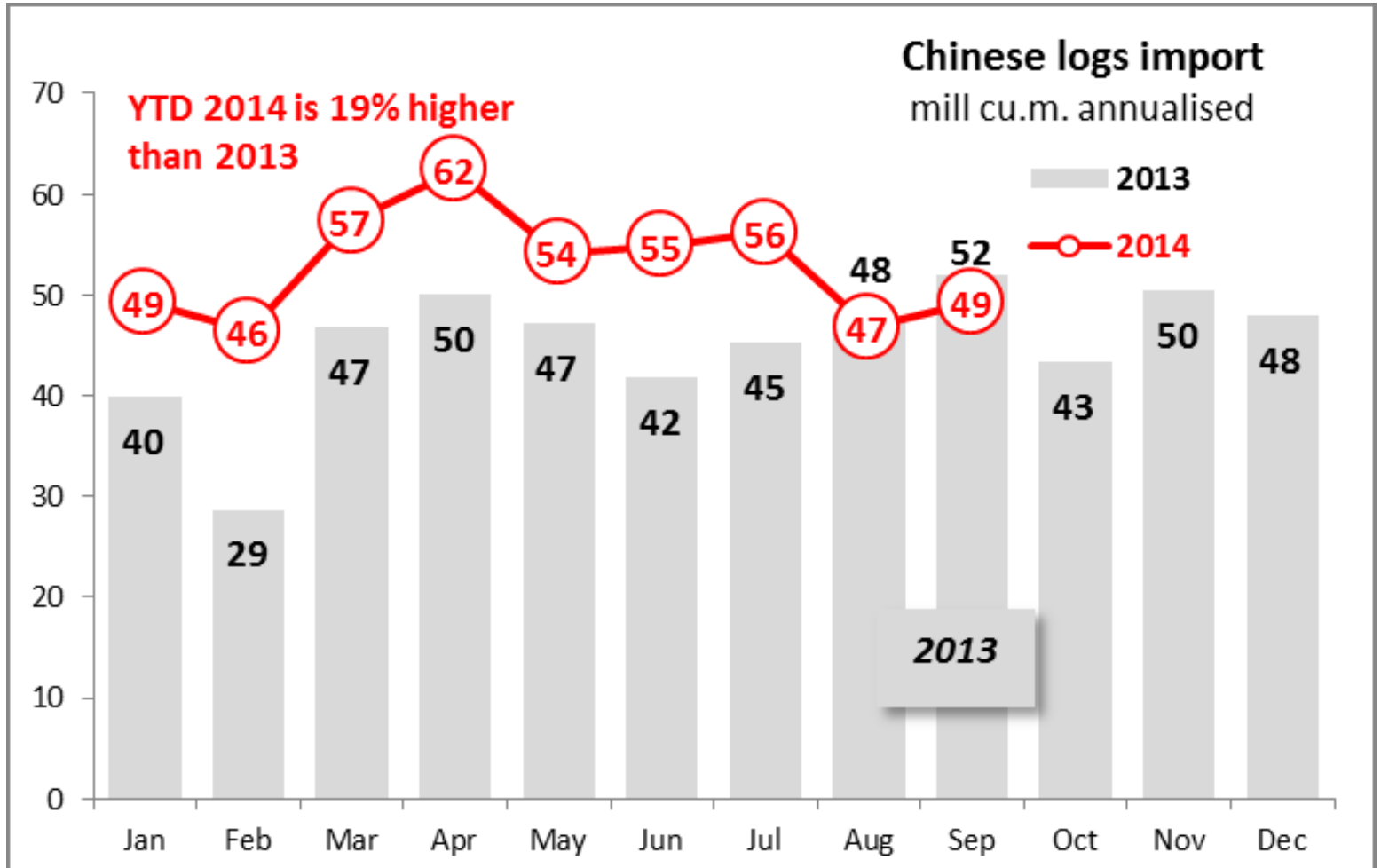


A broad overview of drybulk demand the last 10 years



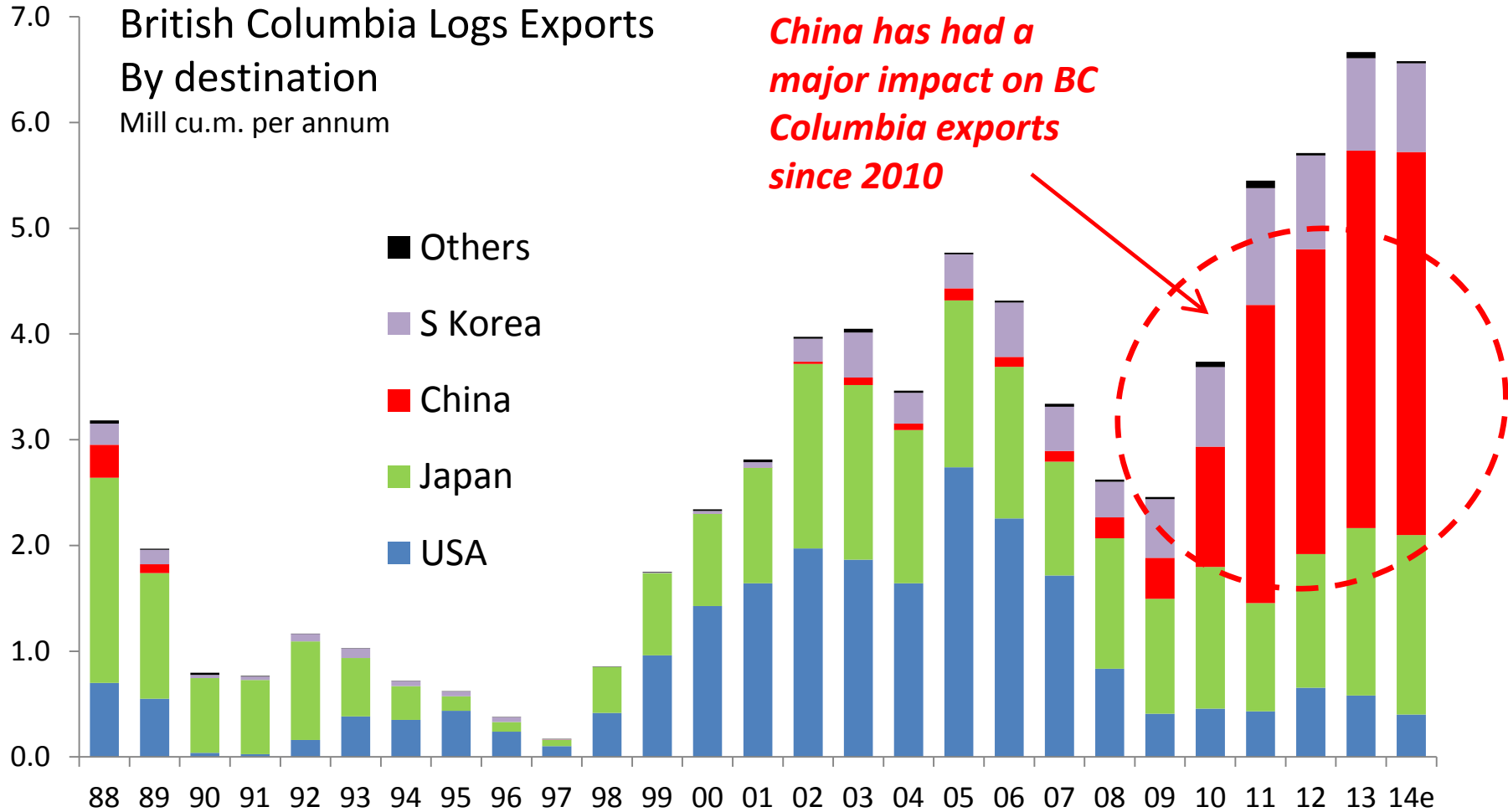


Chinese log imports



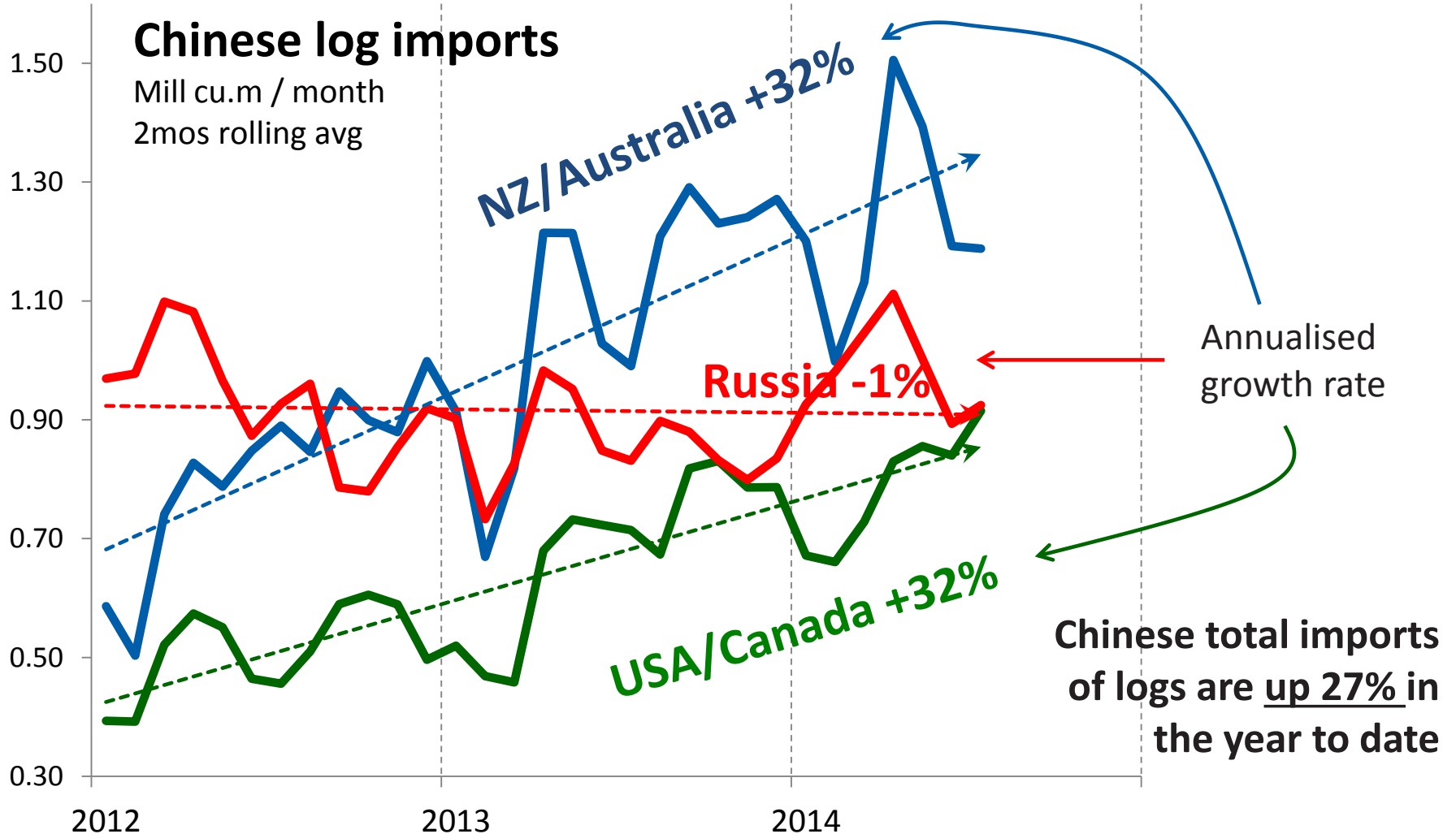


A long term view on BC Columbia logs exports





Increasing trend for Chinese imports of logs from NZ/Australia and USA/Canada



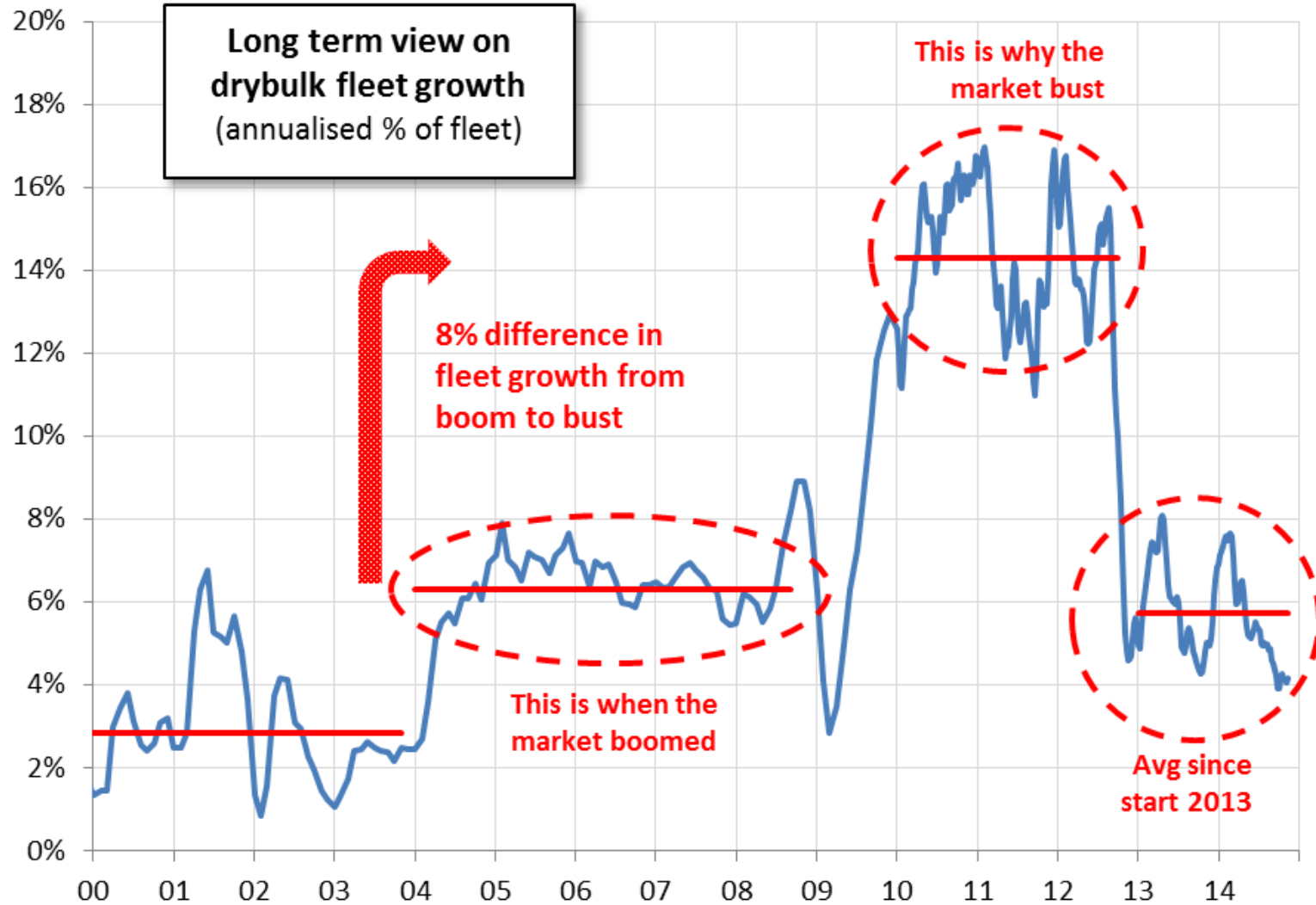


Pacific Basin

THE SUPPLY SIDE

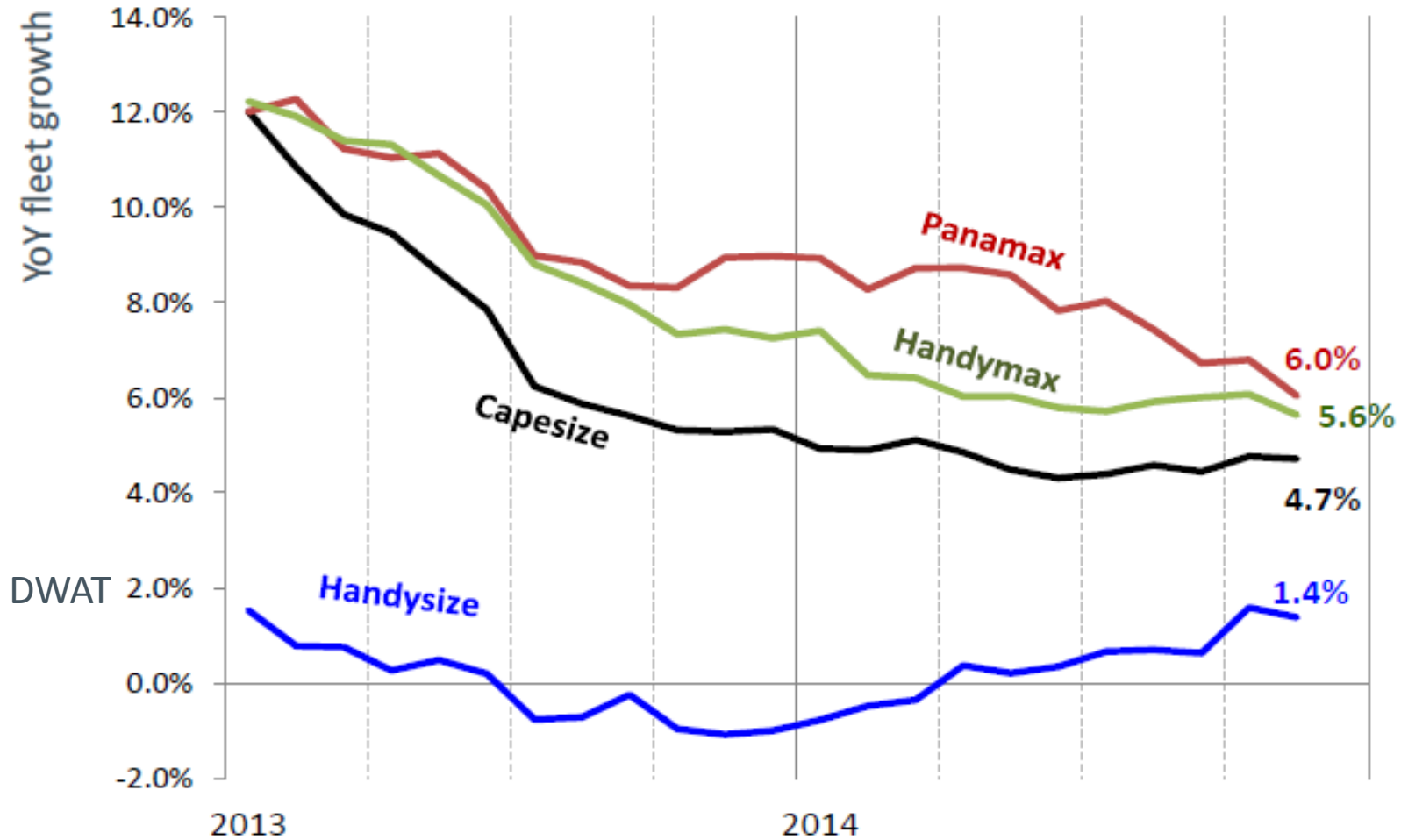


A long term view on dry bulk fleet growth



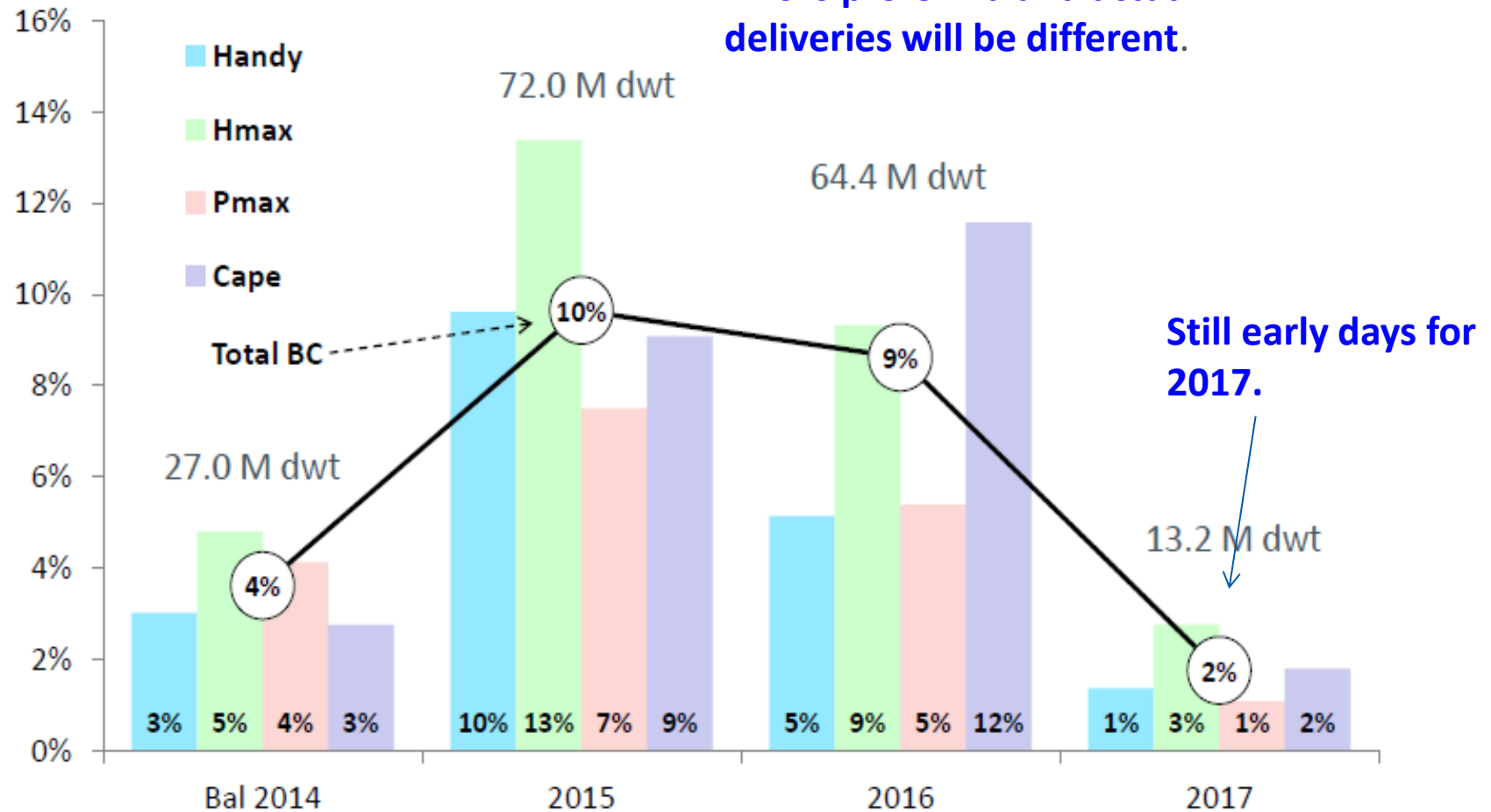


Fleet growth by drybulk sector



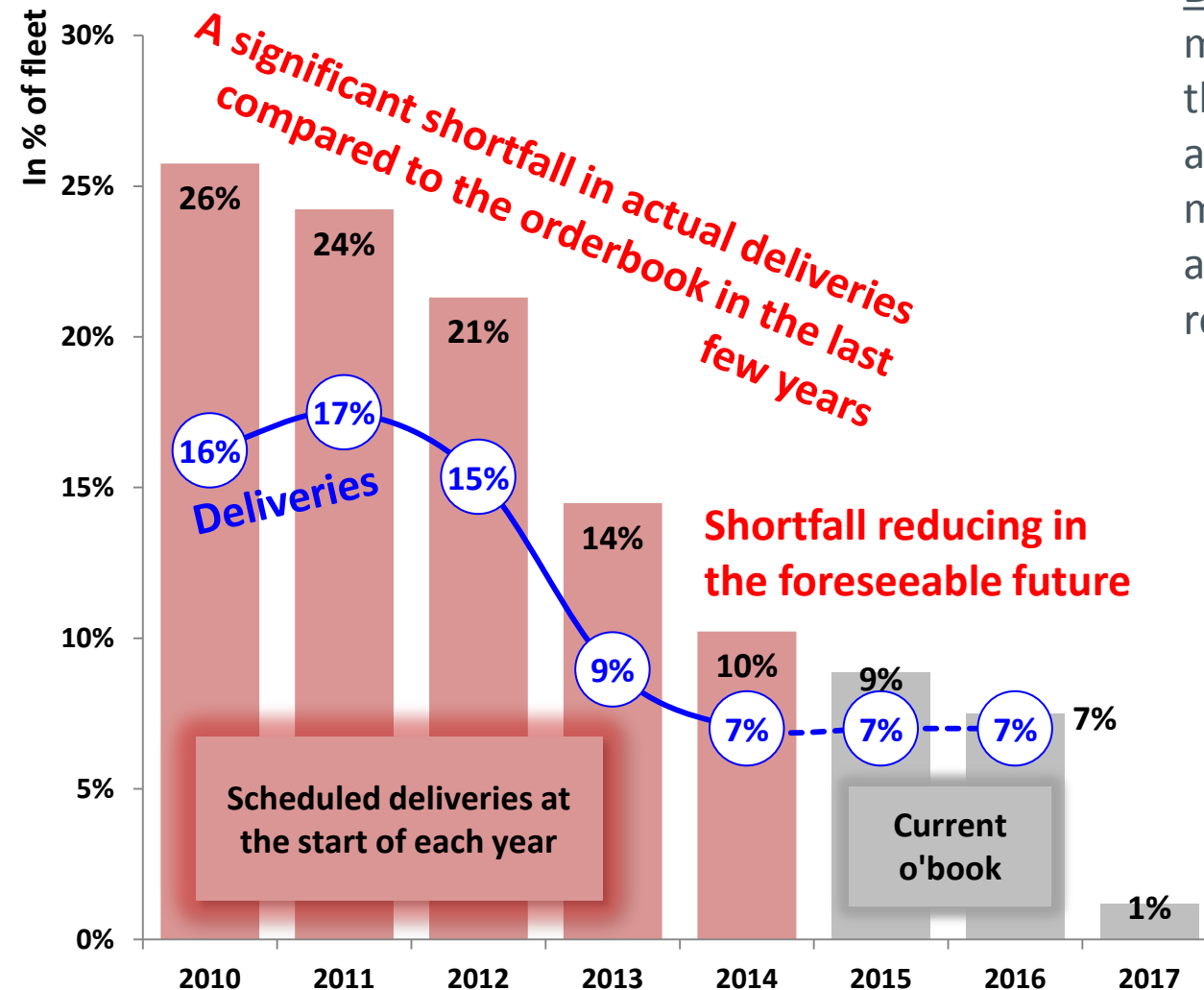
Proforma order book as of Oct 10th 2014

In % of current fleet





The past orderbook vs deliveries and a view on the future



Delivery years 2015 & 2016 are more or less fully booked but there will be some adjustments as delayed deliveries are moved forward, 'hidden' orders are added and 'dead' ones are removed

Two scenarios for 2017:

- If we have a *strong market* for the next 18 months, the orderbook could increase significantly
- If we have a *weak market* the orderbook will stay low

2017 is still very much 'open book'



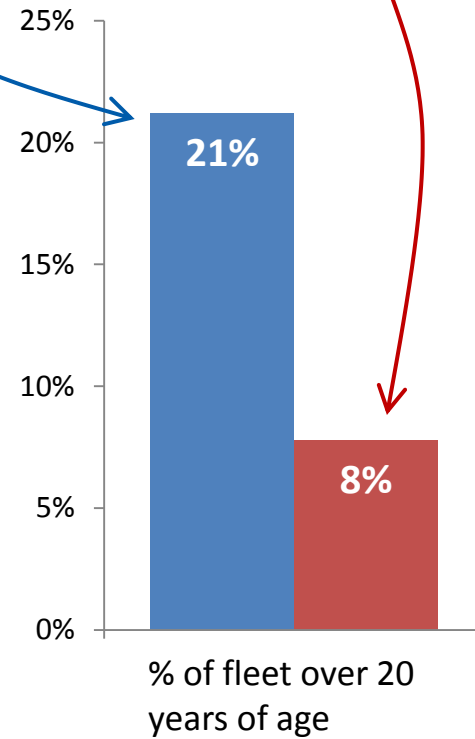
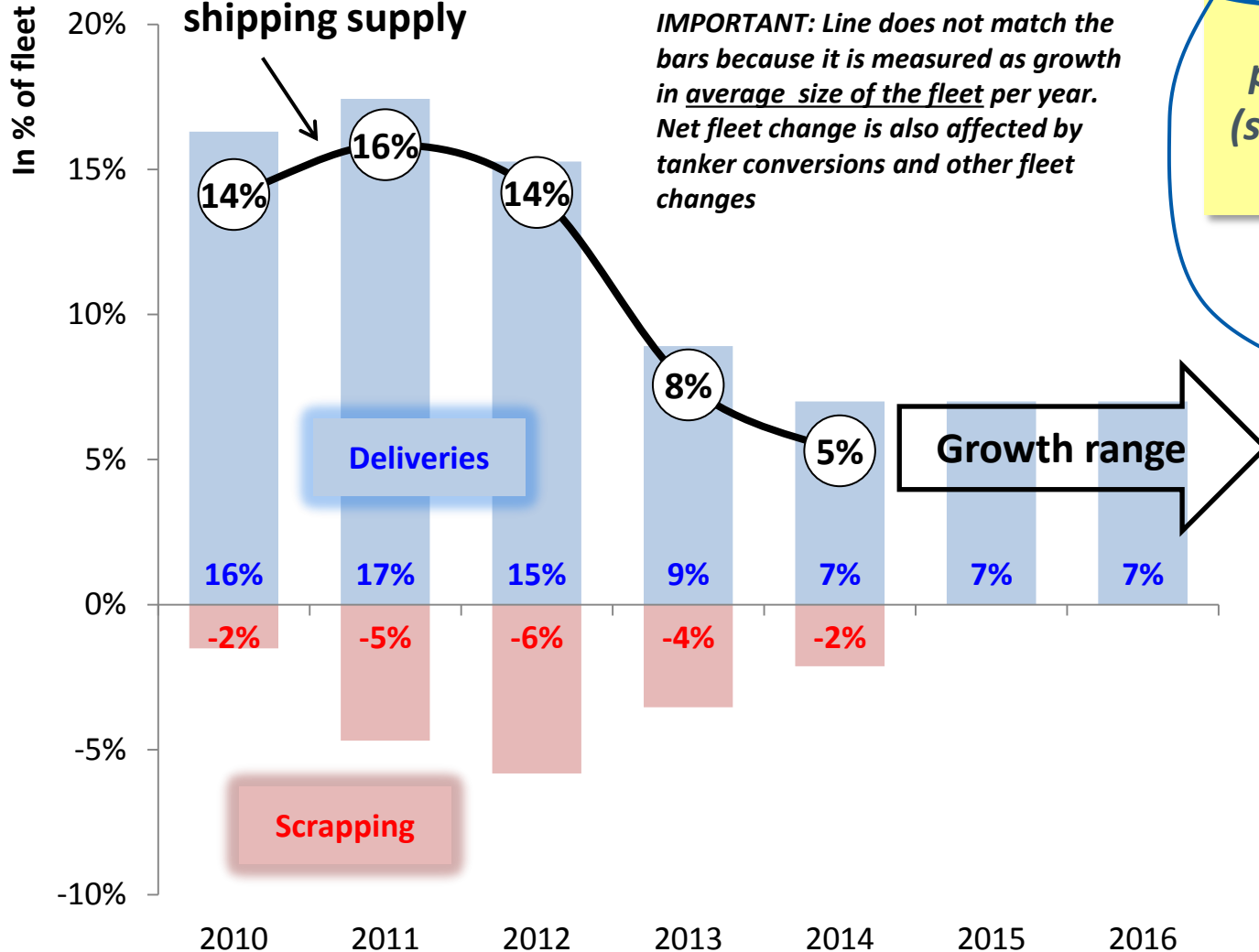
We are guessing steady supply growth for the period 2014 - 2016

Pacific Basin

Annual growth in shipping supply

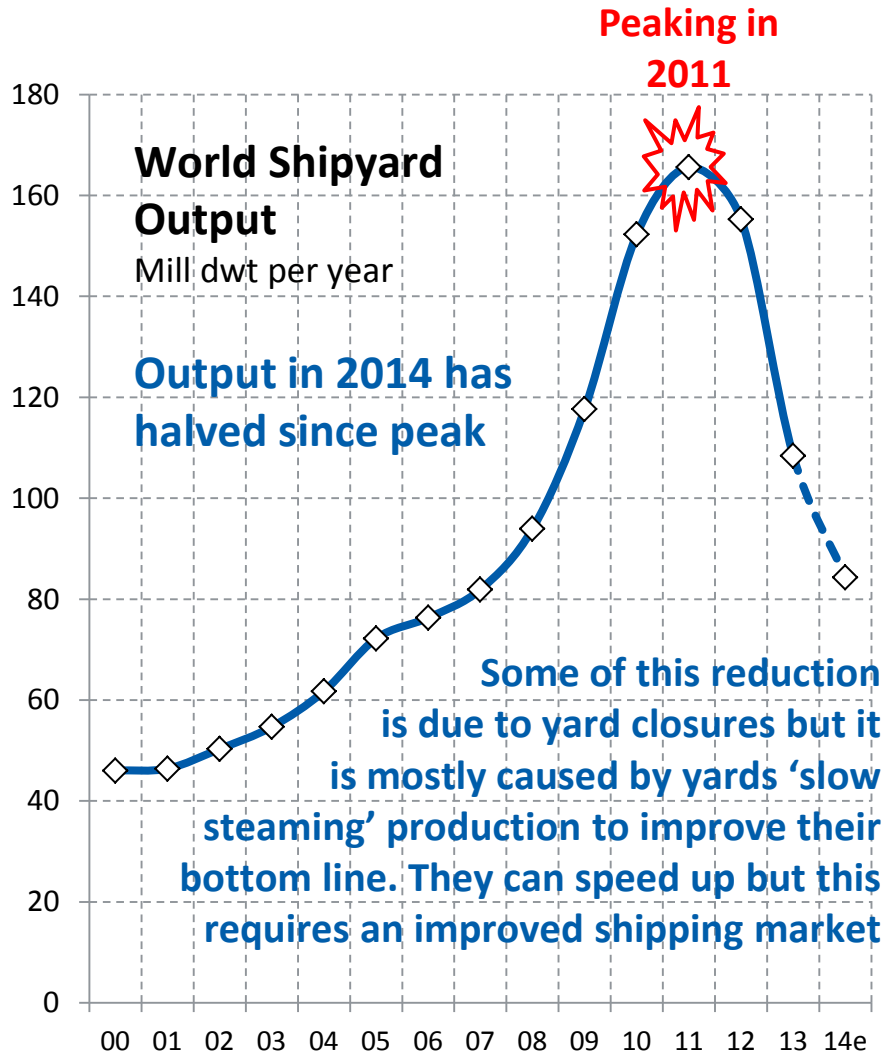
IMPORTANT: Line does not match the bars because it is measured as growth in average size of the fleet per year. Net fleet change is also affected by tanker conversions and other fleet changes

Handysize is more benign in terms of greater portion of older vessels (scrapping pool) than the rest of drybulk

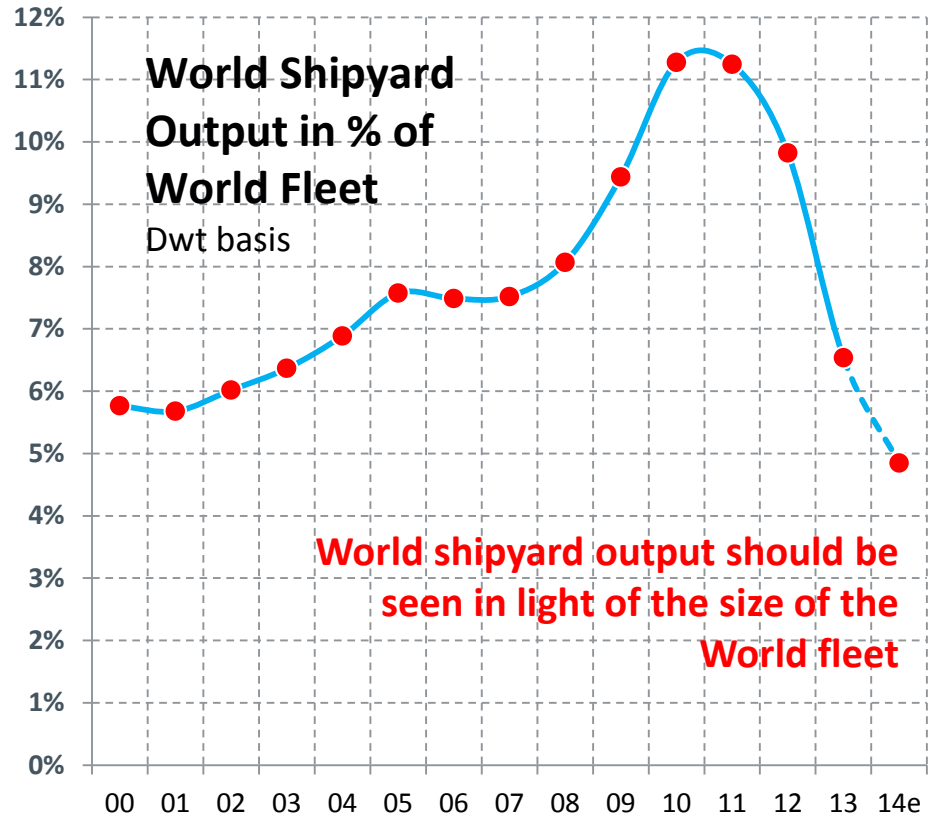


With you for the long haul

World shipyard output (for all vessel types) is evil for shipping but has reduced significantly

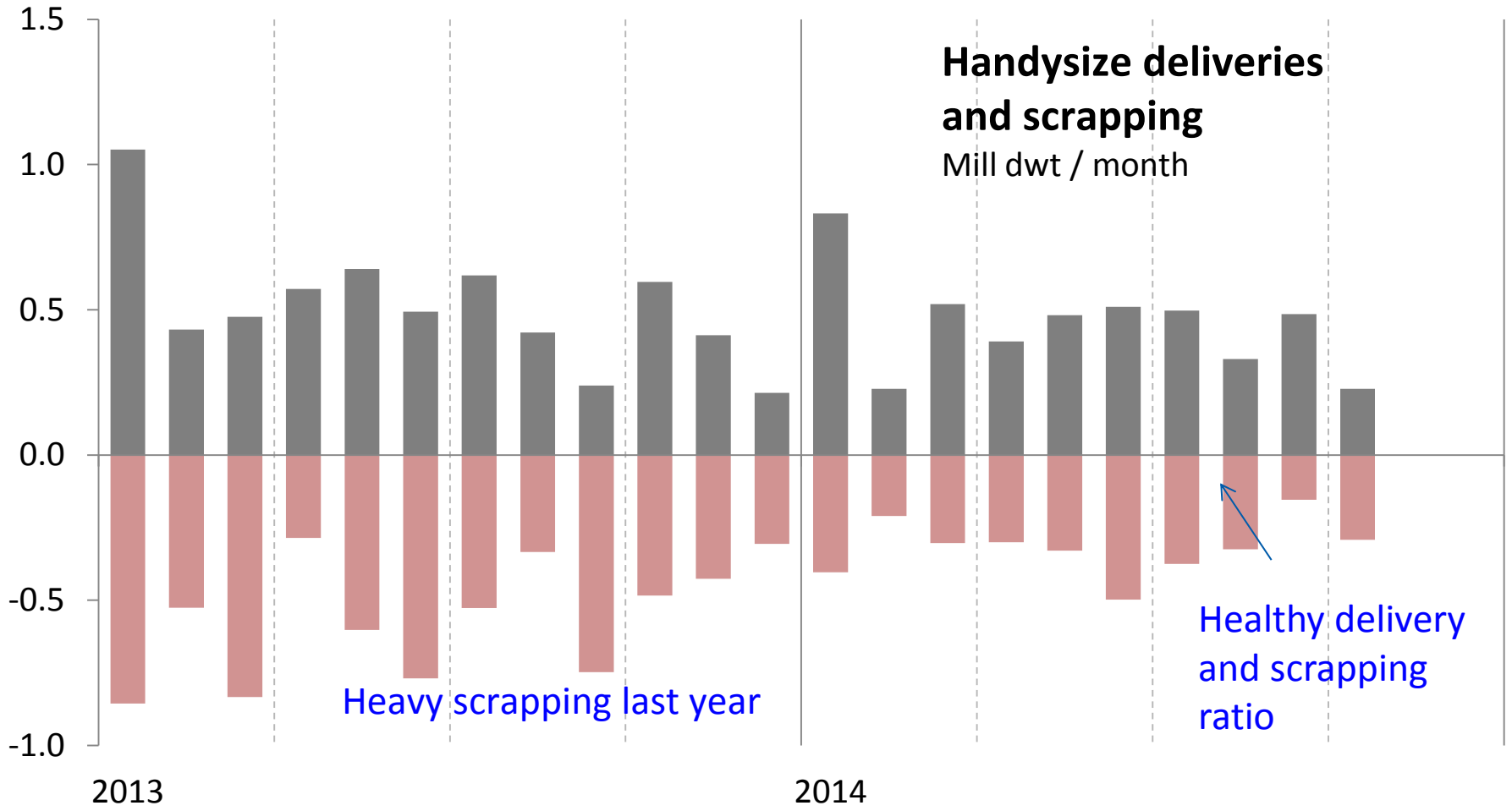


Bear in mind that the world fleet has doubled in the last 12 years





Handysize deliveries & scrapping





Compared to handy/supra/ultra max's

