



Pacific Basin

Dry Bulk Market – Waves and Swells

Vancouver 21 November 2024



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With you for the long haul

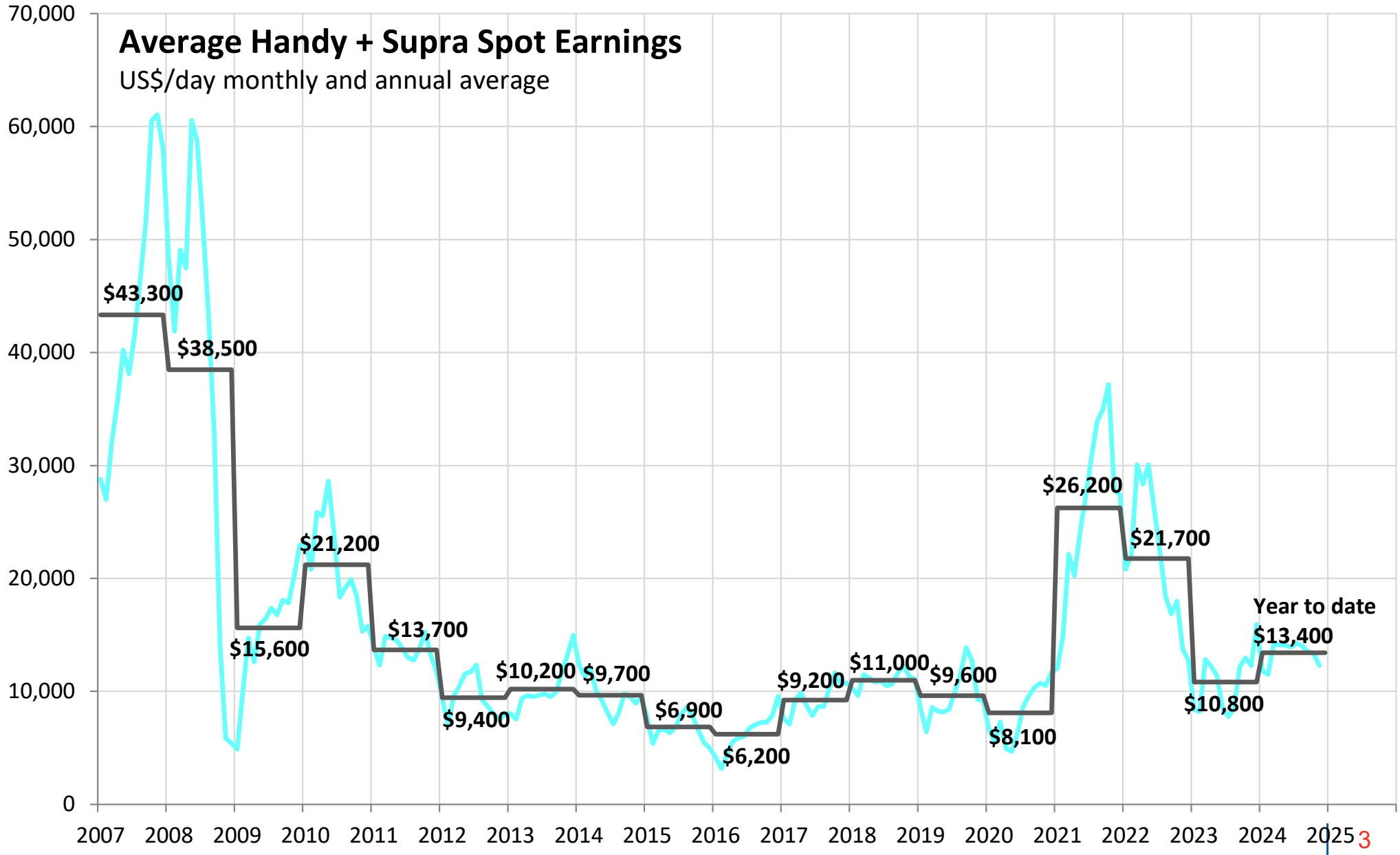


- In addition to the ongoing war in Ukraine, the market in 2024 had to manage restrictions for Panama Canal passages (now reverting to normal) as well as the avoidance of the Red Sea
- The dry bulk freight market for geared vessel in 2024 has seen reduced seasonal volatility with the Pacific performing comparatively better while the Atlantic basin has held a larger share of the fleet
- Yard deliveries have remained moderate while scrapping has been near non-existent and dry bulk vessel speed has continued to decline
- Cargo distance from load to discharge has continued to increase
- China's import of dry bulk commodities has remained high despite much negativity around the Chinese economy



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Handysize & Supramax earnings in a long term perspective



Source: Baltic Exchange with earlier earnings converted to current index type



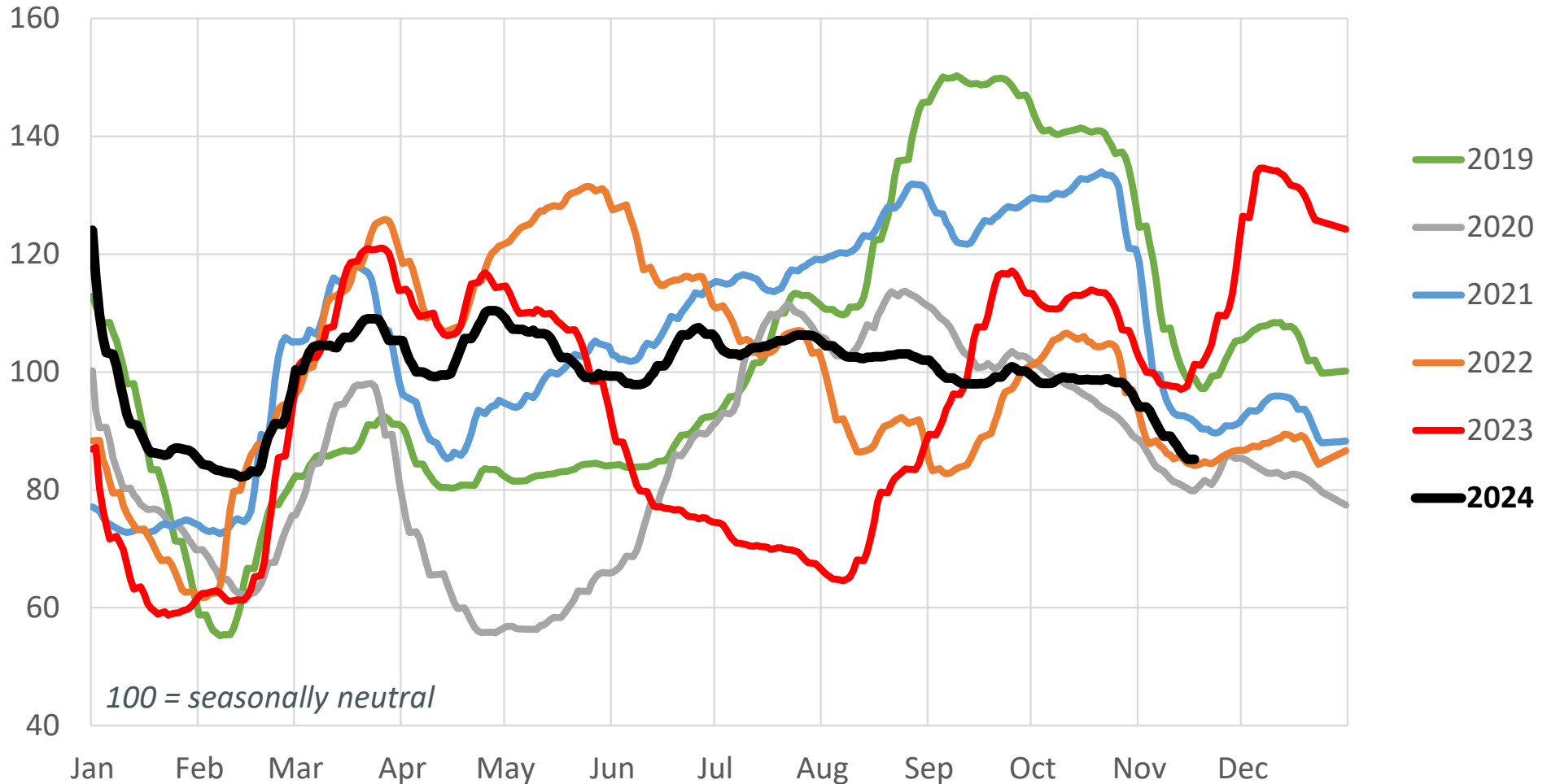
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How do earnings on today's date (15 November) compare to the last 12 years? Not so bad!



A seasonal view for earnings shows that 2024 has been remarkably steady

Seasonality for average earnings of BSI 58k & BHSI 38k

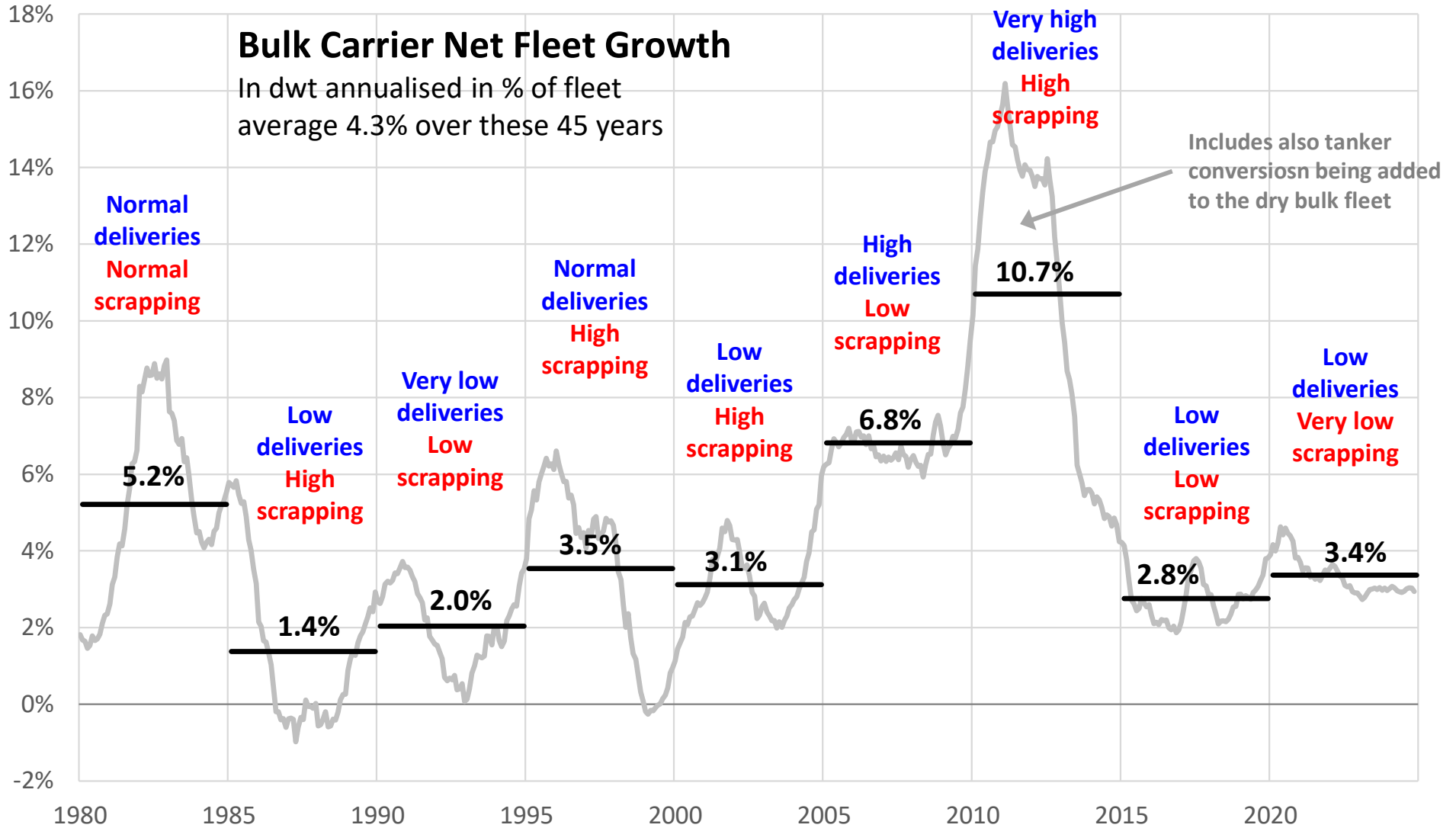


Seasonal chart showing how daily spot average earnings for BHSI 38k & BSI 58k compare to a 12 month moving average. A reading above/below 100 illustrates seasonal strength/weakness.



Net dry bulk fleet growth over the long term

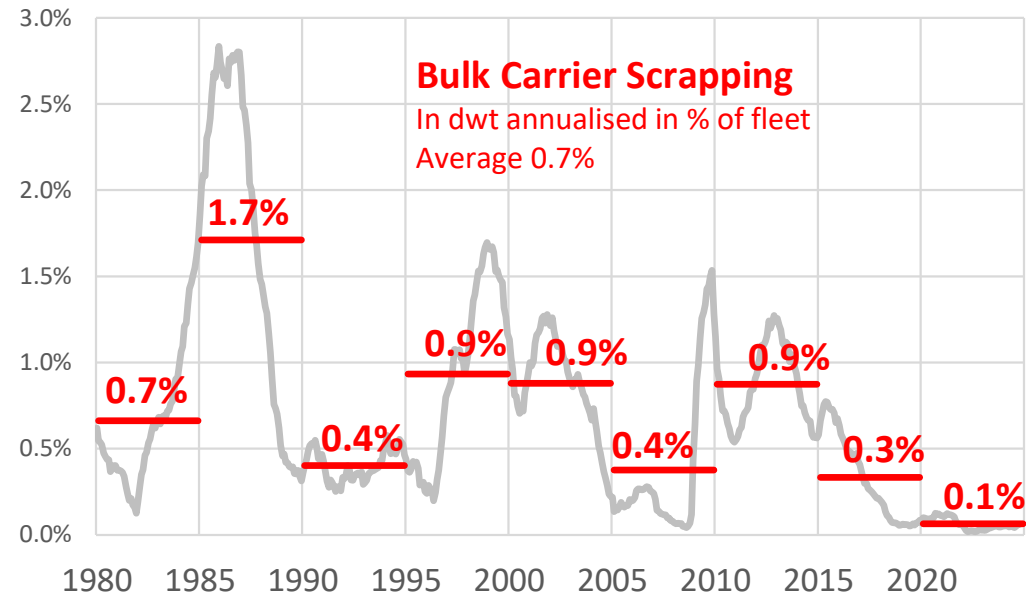
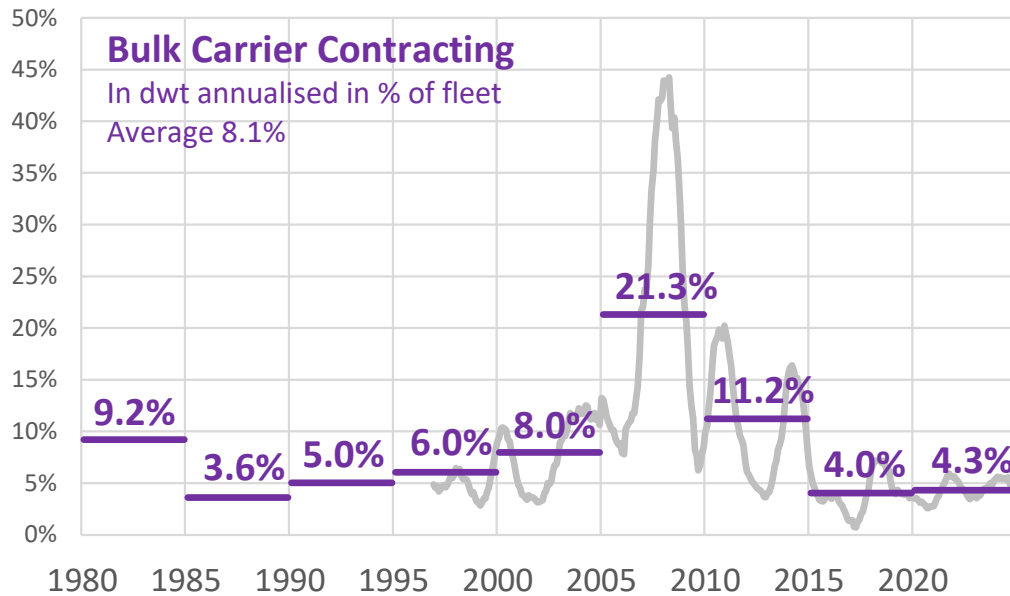
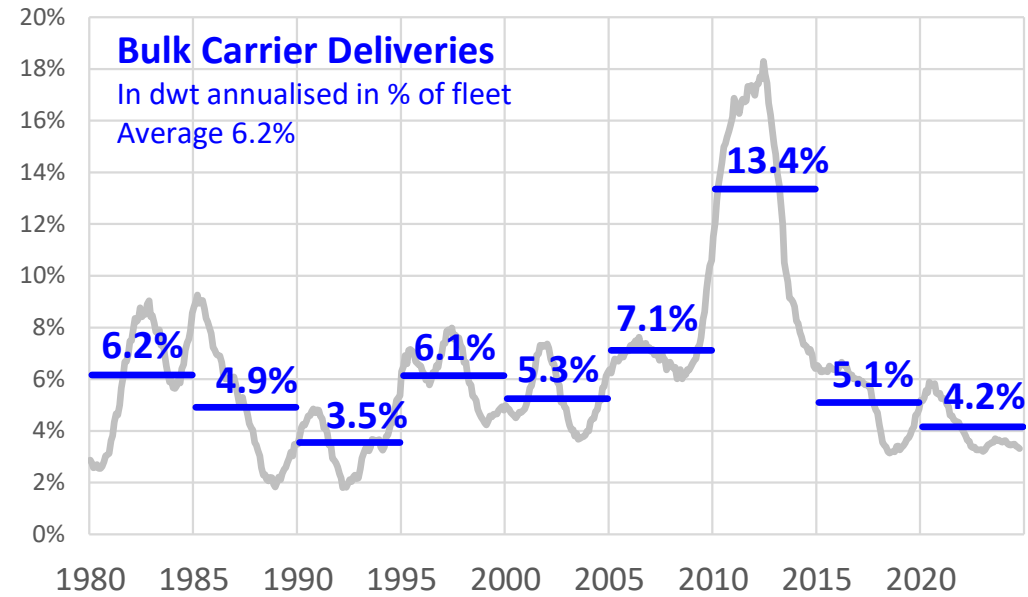
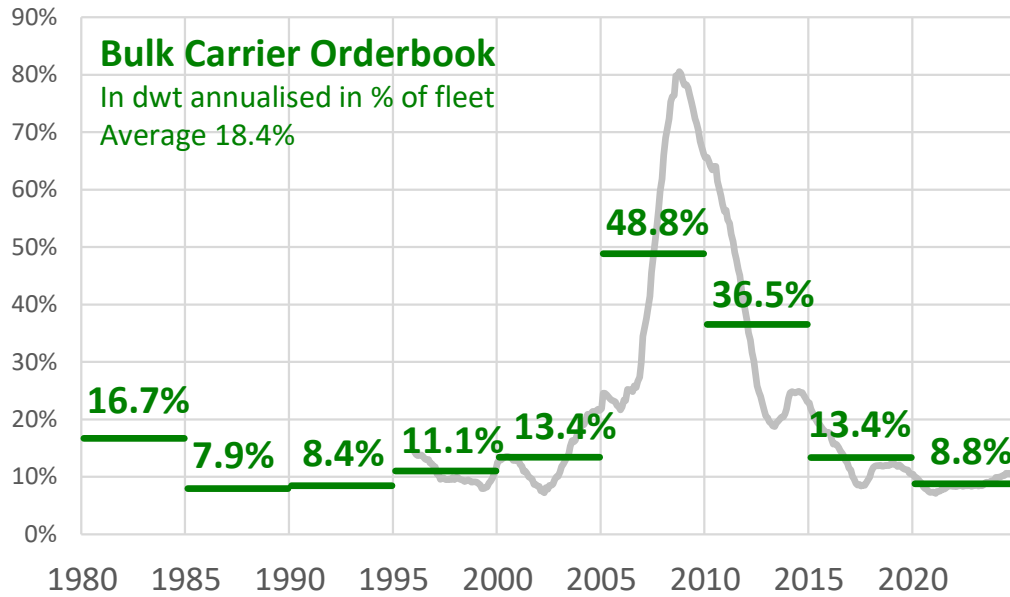
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Four input factors for dry bulk fleet growth

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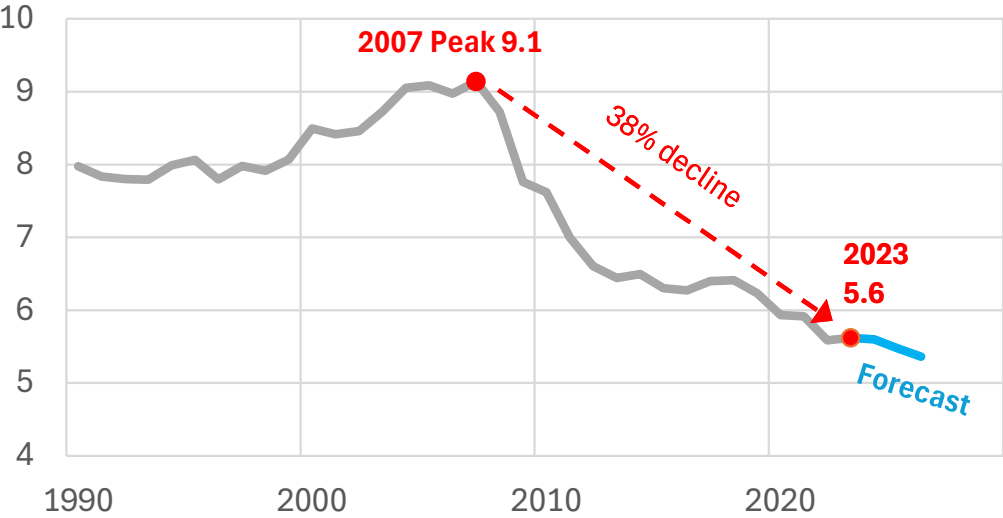




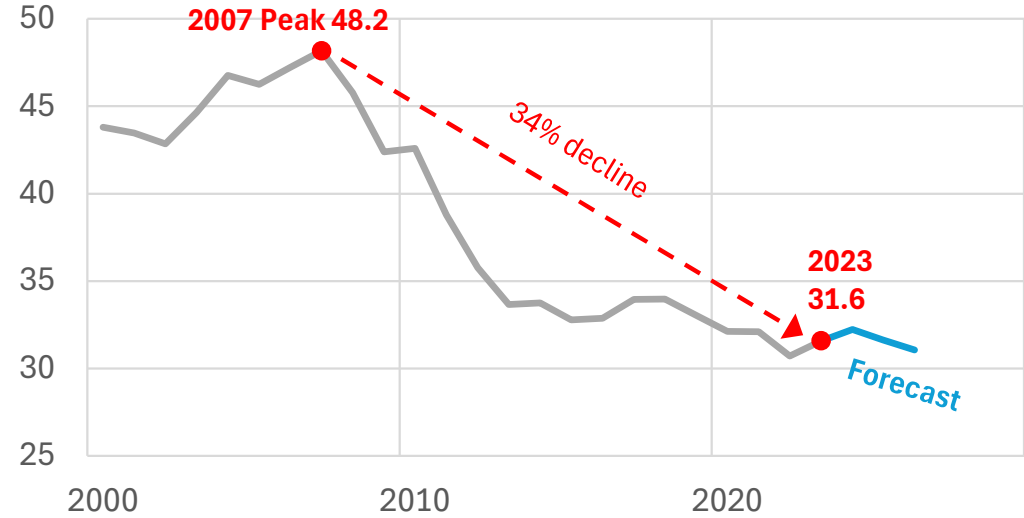
Declining dry bulk fleet efficiency

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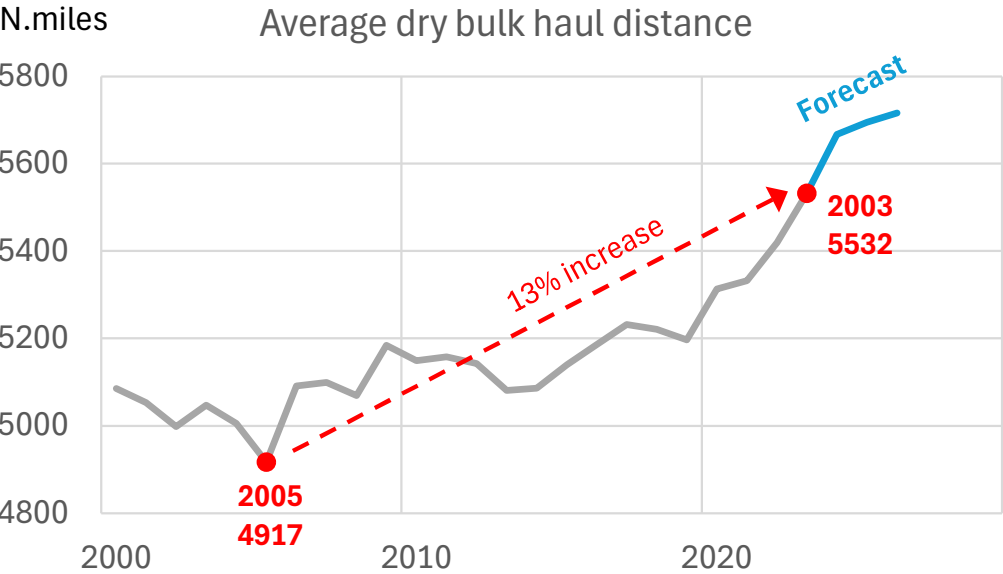
Tonnes dry bulk trade per fleet capacity (dwt)



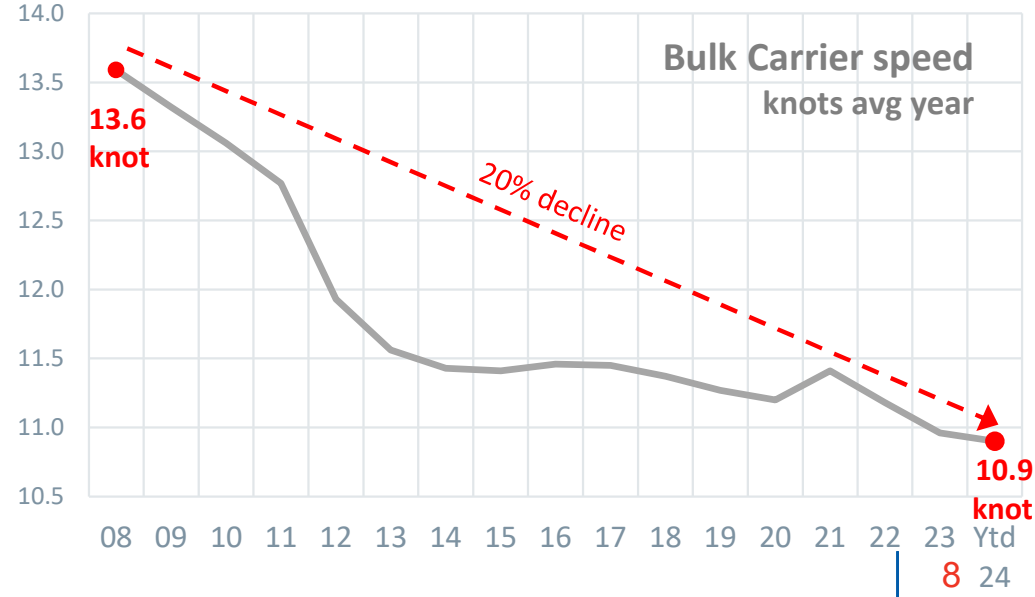
Dry bulk billion t-mile per fleet capacity (dwt)



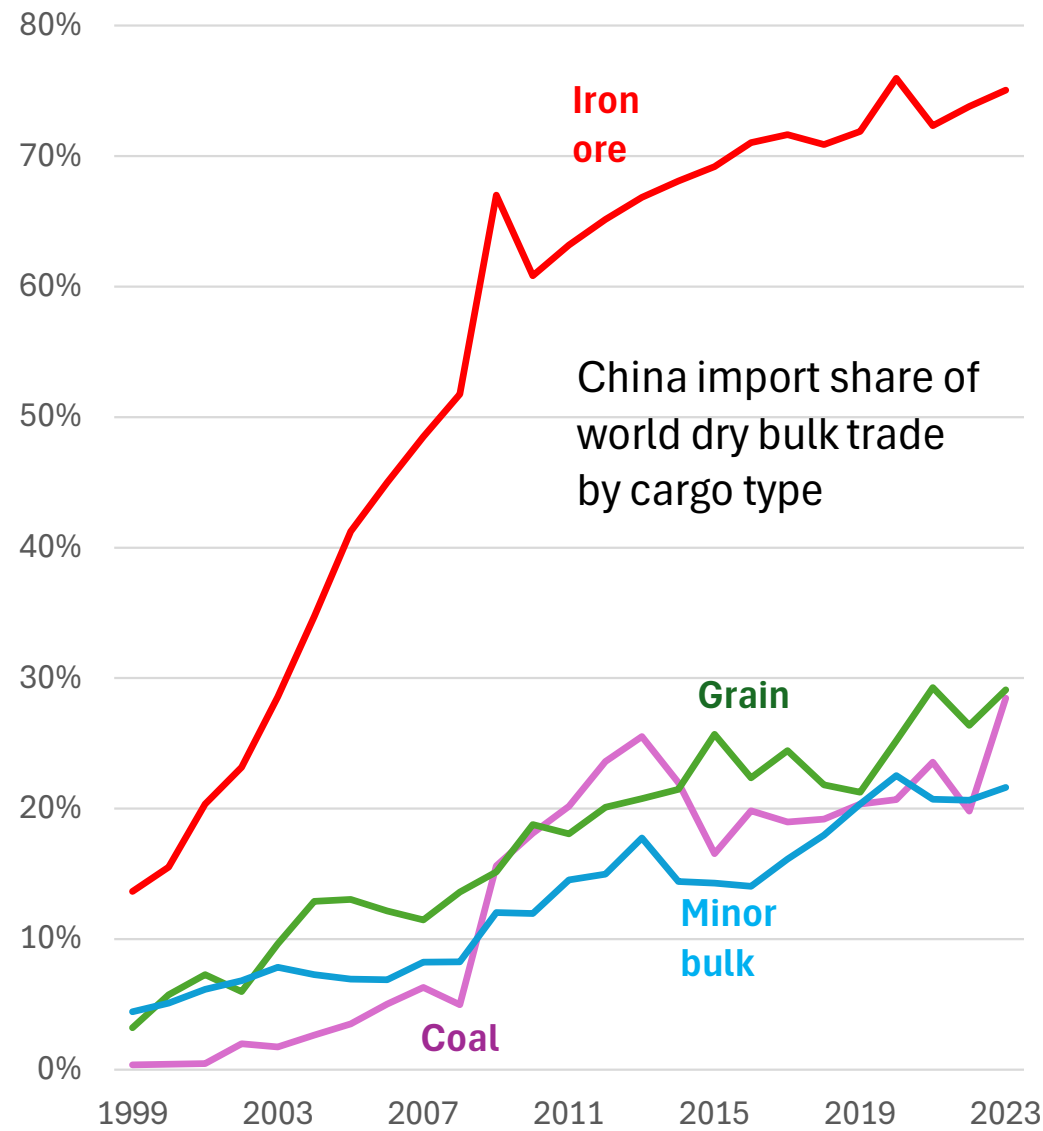
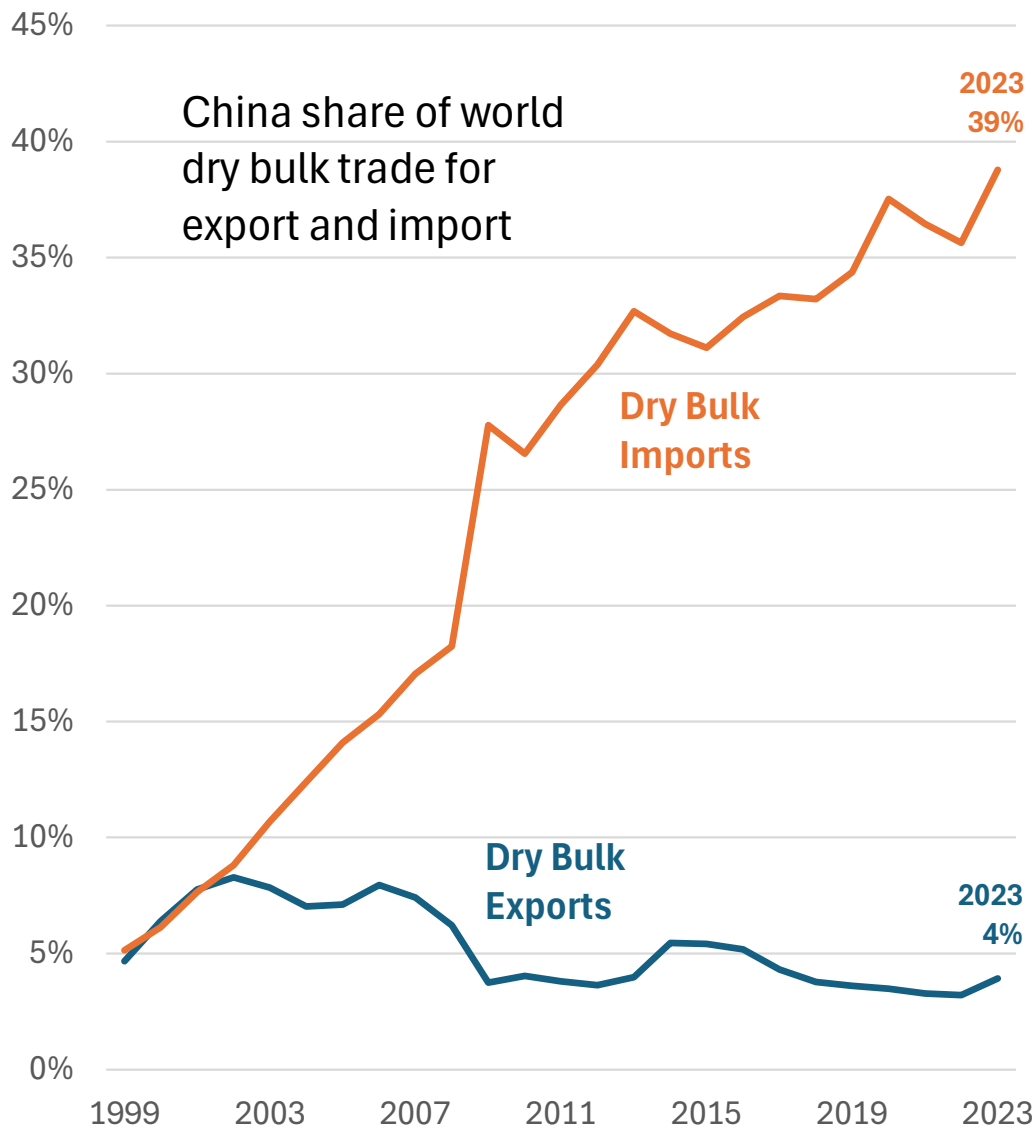
Average dry bulk haul distance



Bulk Carrier speed knots avg year

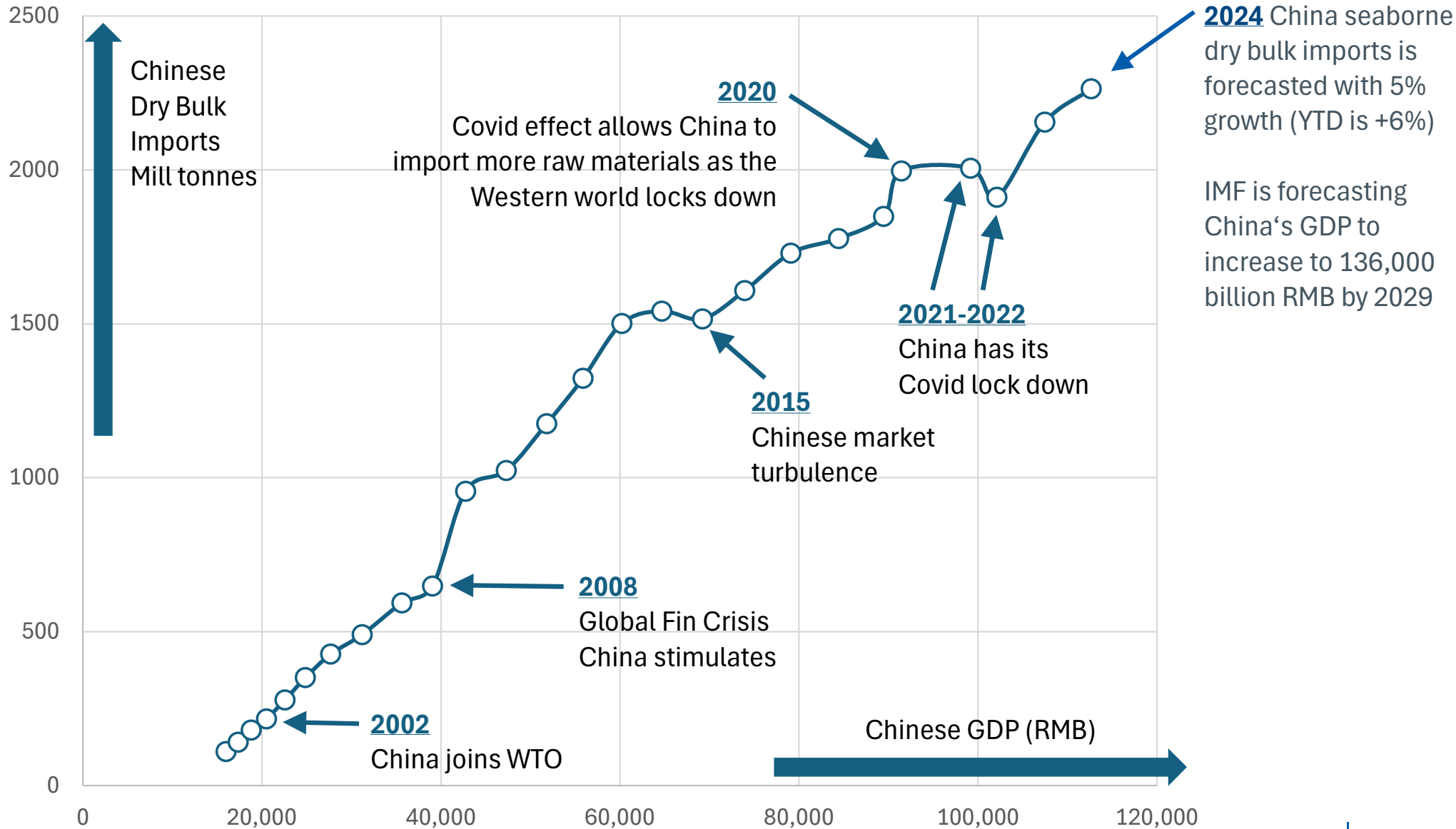


China's foot print for world dry bulk trade is increasing and dominated by imports

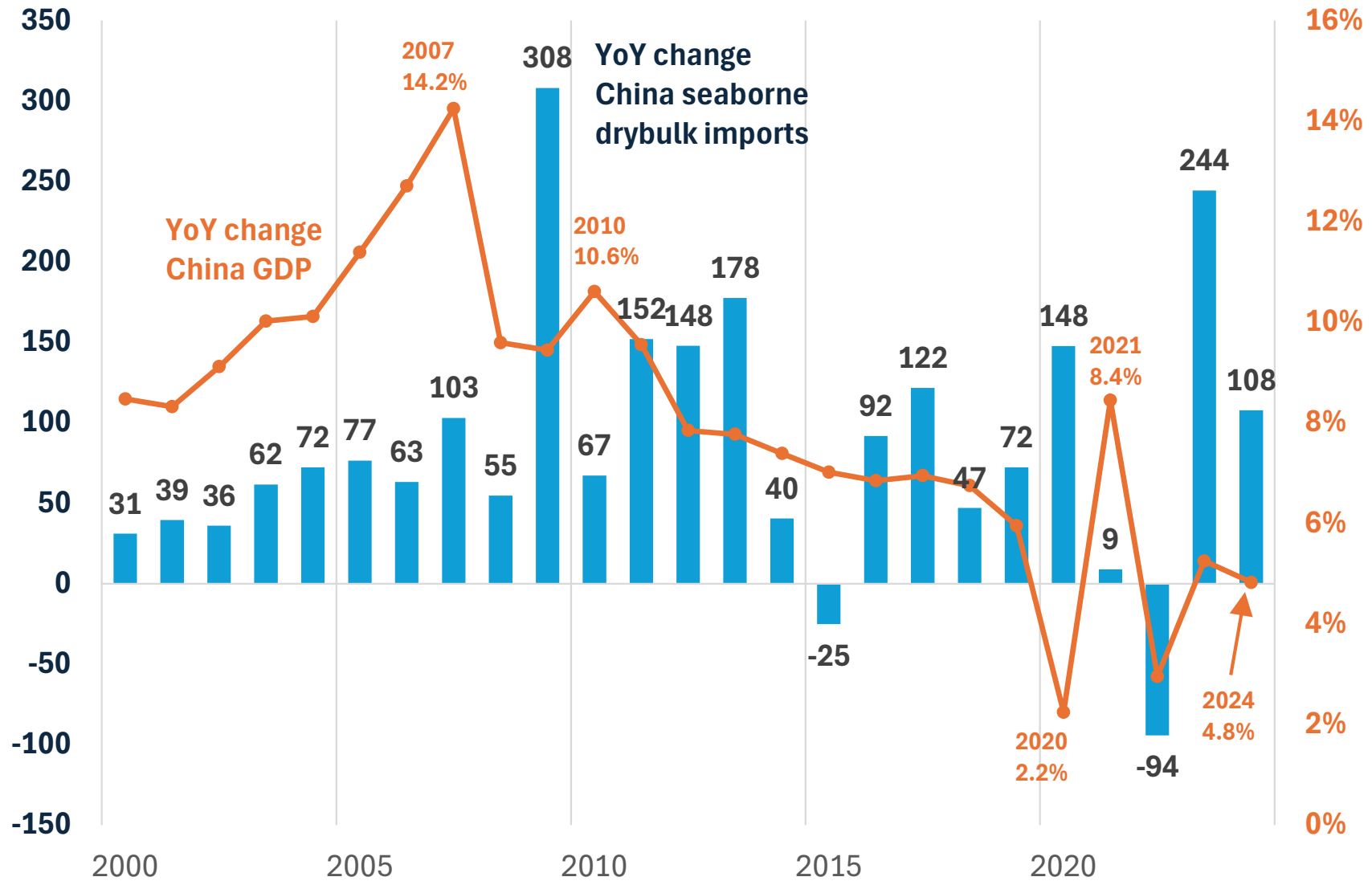




China's GDP development vs its seaborne dry bulk imports since 1999



China's GDP growth vs its growth in seaborne dry bulk imports



- We leave 2024 with more uncertainty than when we began
- Dry Bulk Supply side development remains benign and will stay this way for the foreseeable future
- Dry Bulk Demand hangs in the balance between economic growth and international trade being in the cross hair of politicians
- In the longer term, shipping will be under increasing pressure to shift towards low emission fuels and this has the potential to disrupt shipping in ways that are impossible to predict today beyond the realisation that the cost to move cargo will have to increase to accommodate such a shift
- Transport of dry bulk commodity is cheap and to prove this we apply an alternative measure of freight cost that is both inflation- and currency-neutral....by measuring freight rates in units of beer!



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The Beer Index – a currency and inflation neutral way to measure dry bulk freight rates

Baltic Dry Index
in beer units

7000

6000

5000

4000

3000

2000

1000

0

1980

1985

1990

1995

2000

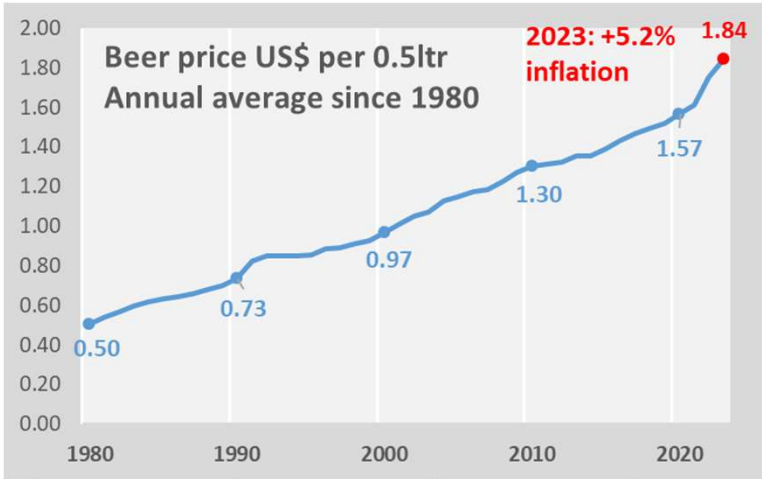
2005

2010

2015

2020

13



12 of the last 13 years are among the cheapest since 1980

The boom year 2021

Year to date 2024

