

# Quadra Commodities

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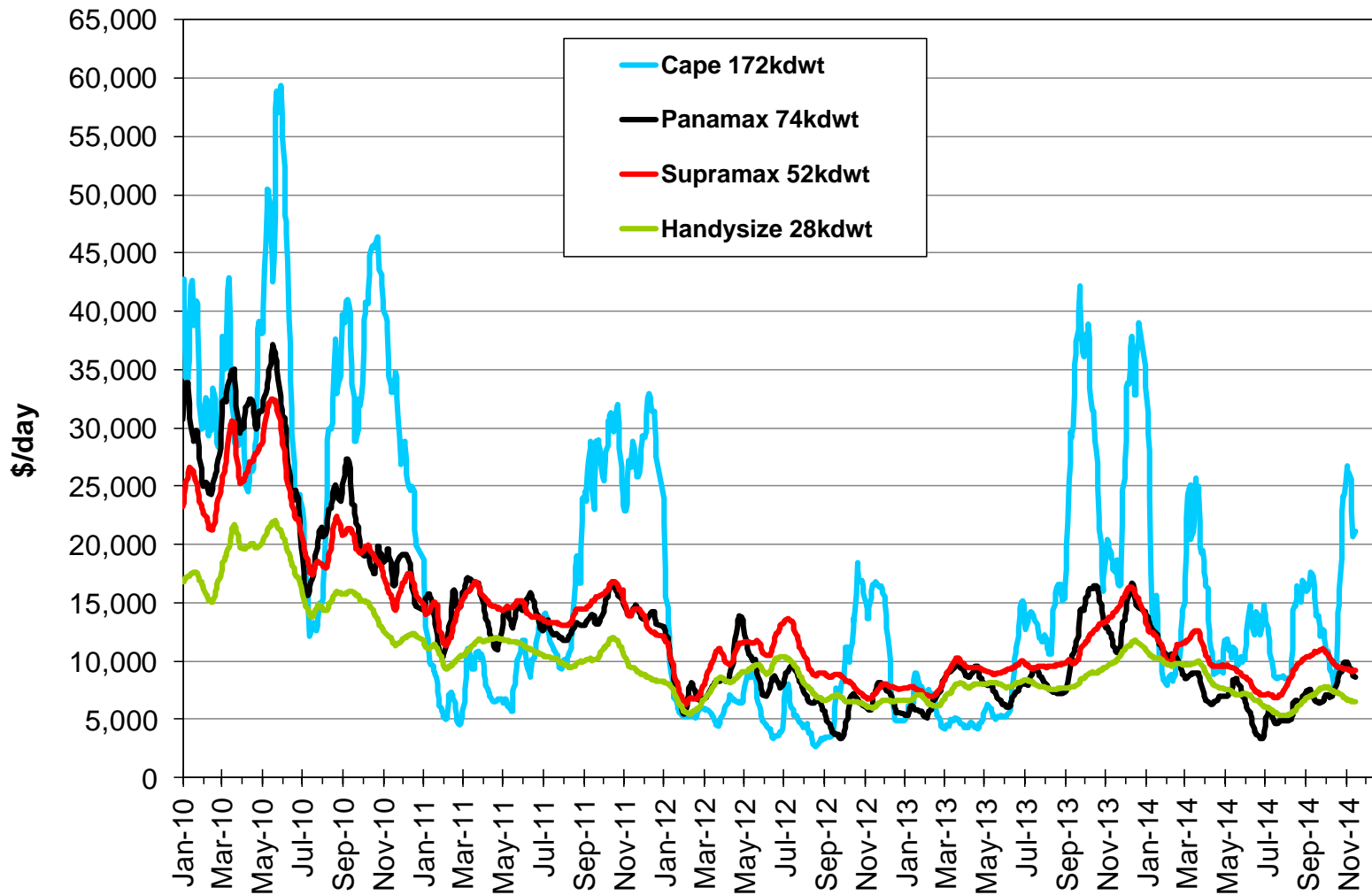
Trends in the Dry Bulk Ocean freight market and freight market outlook  
IAOM Capetown – December 2014



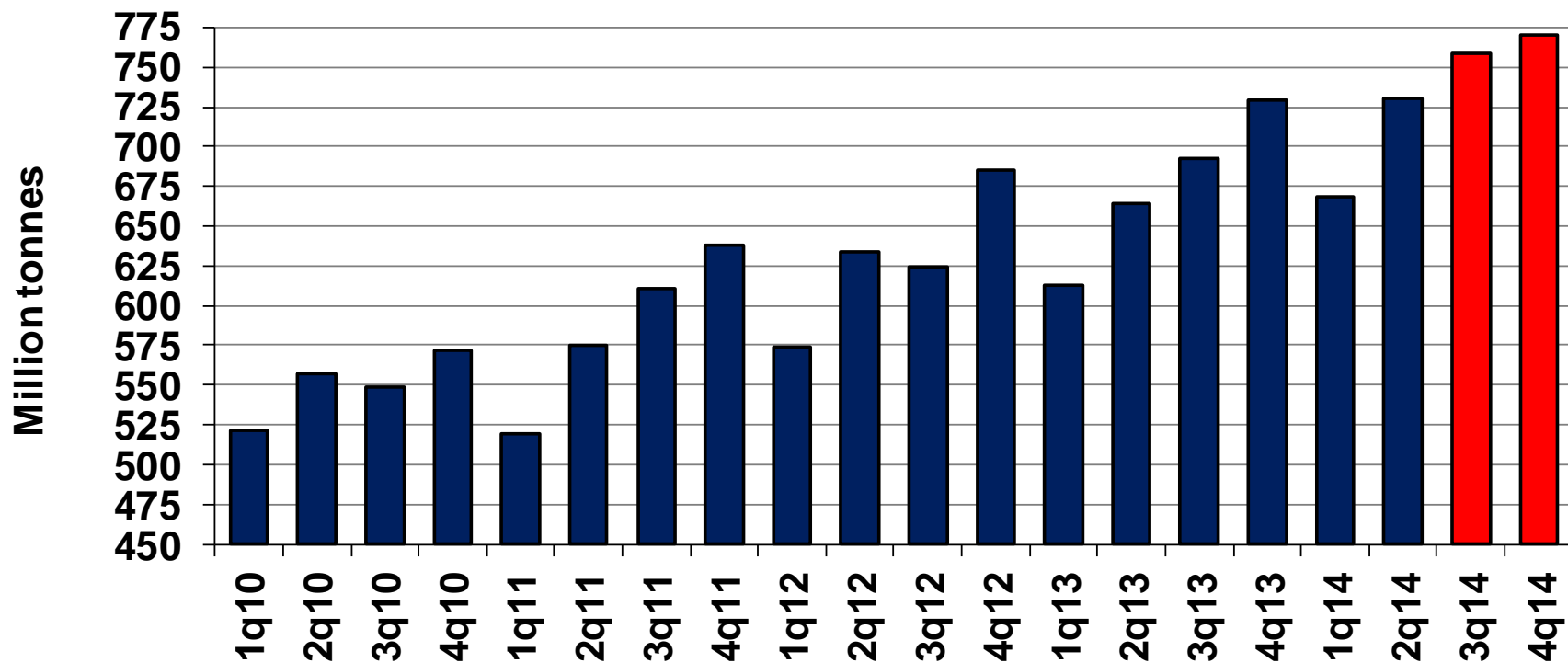
## 2014 in review

- \* weaker than expected vessel earnings despite record rises in iron ore, grain and steel products trade plus slower fleet supply growth... but
- \* reduced coal imports by China and Europe
- \* limited offset for lost Indonesian mineral ores
- \* lower port congestion in key coal, grain and iron ore ports lifts dry bulk fleet efficiency
- \* 4-year low for bunker prices blunts impact of higher TC earnings on voyage rates
- \* declining market expectations for 2015

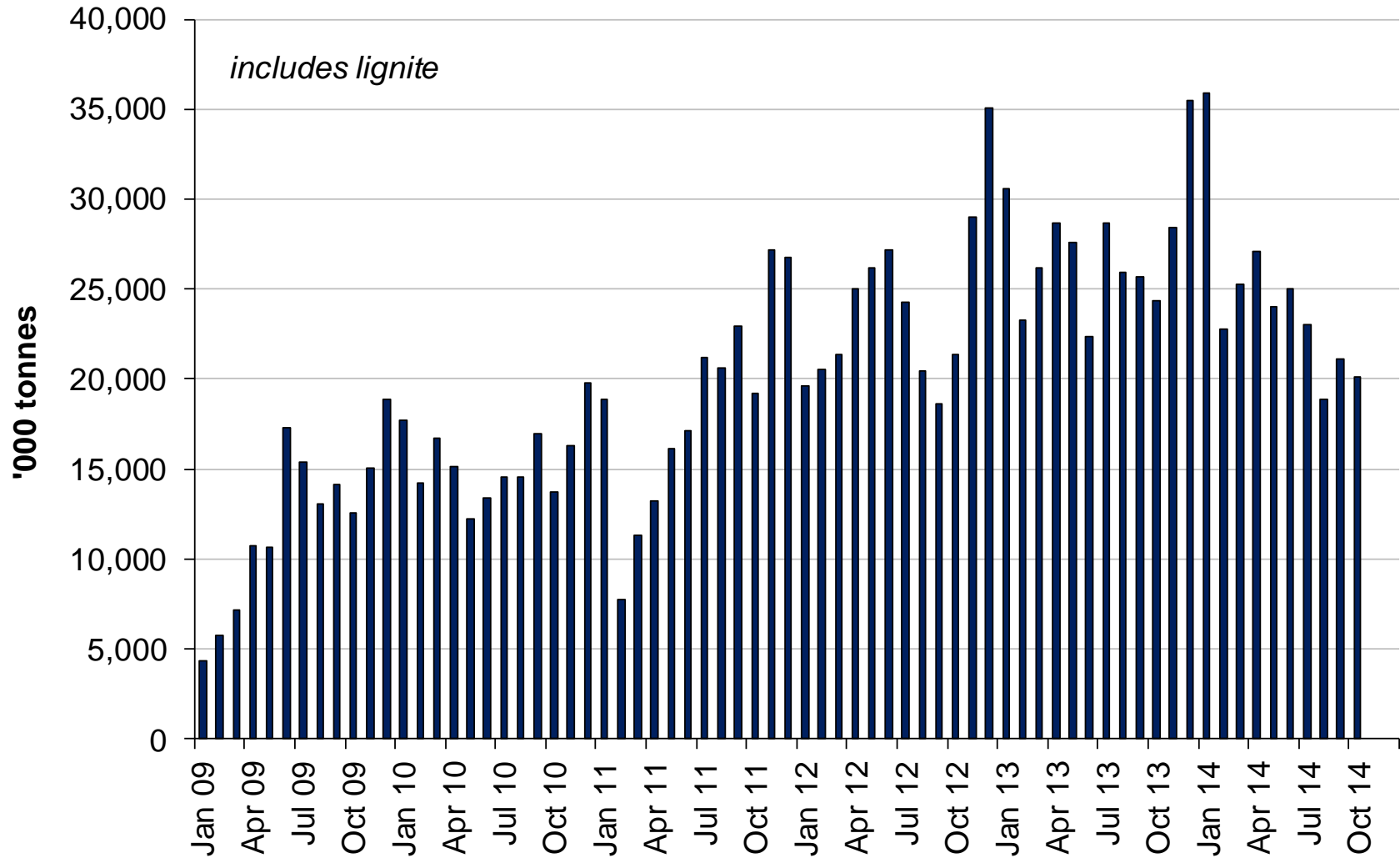
# Baltic exchange index average timecharter rates



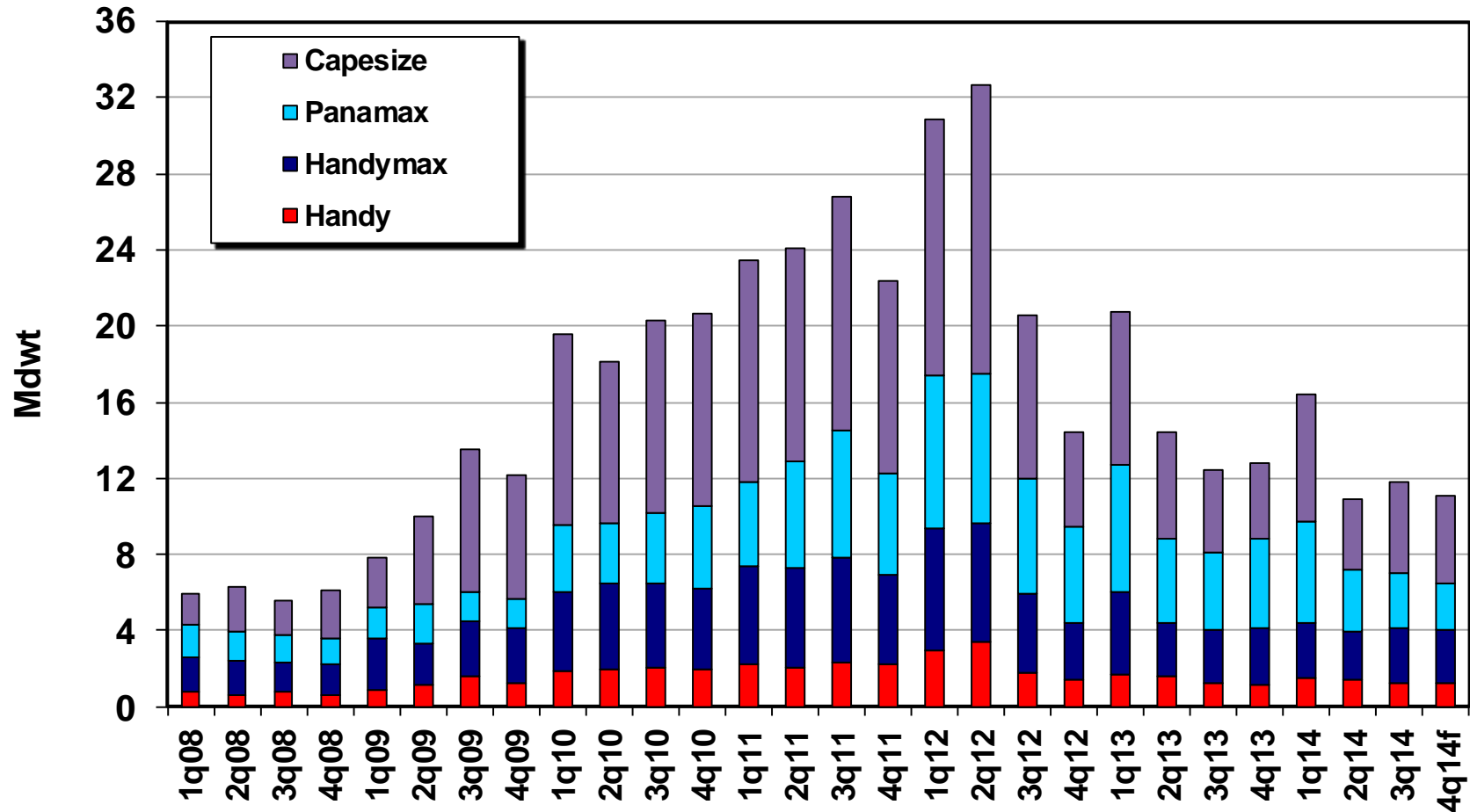
.....Major dry bulk exports by quarter: new records achieved in 2H 2014.....



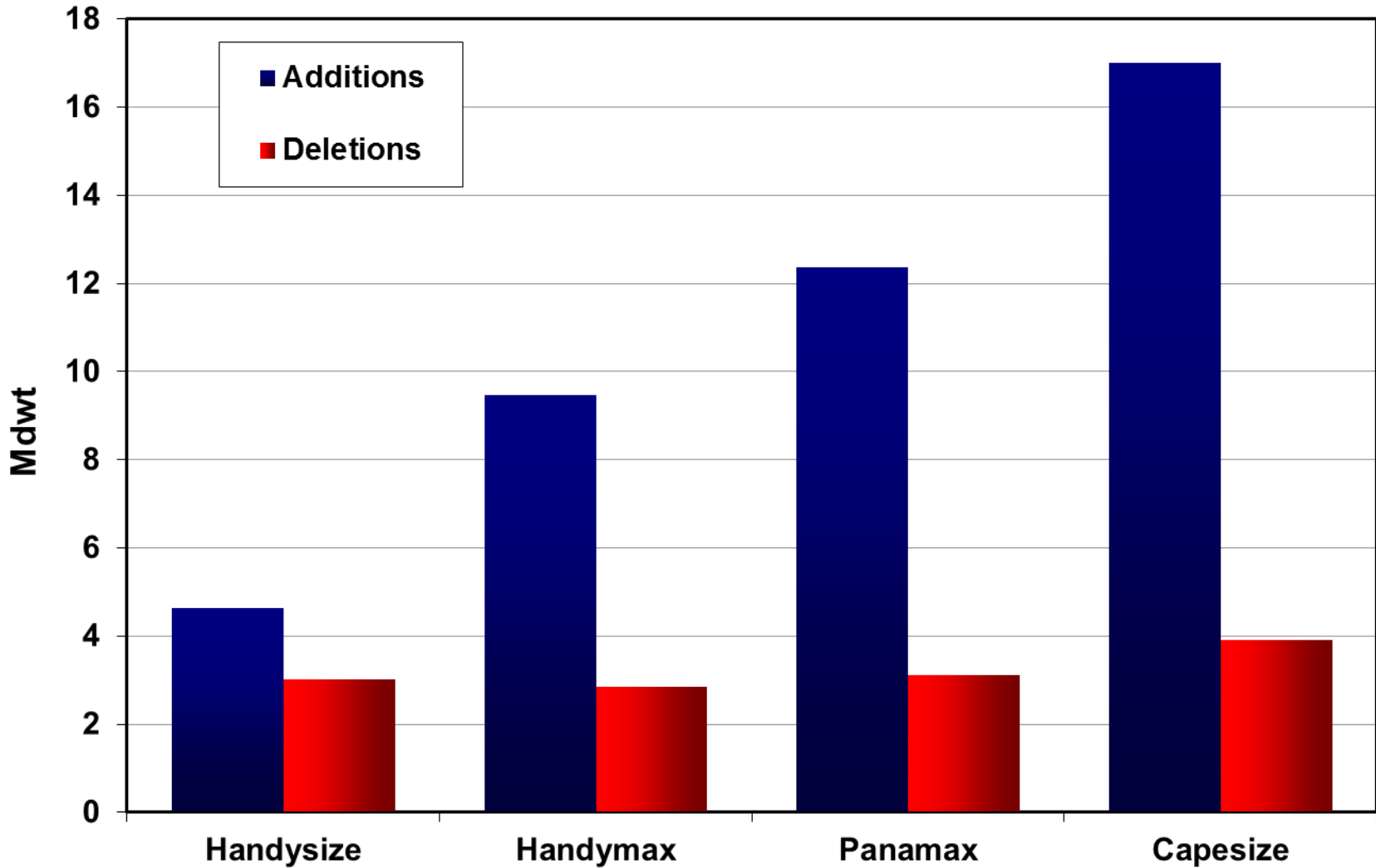
# but rate of growth restricted by lower Chinese coal imports



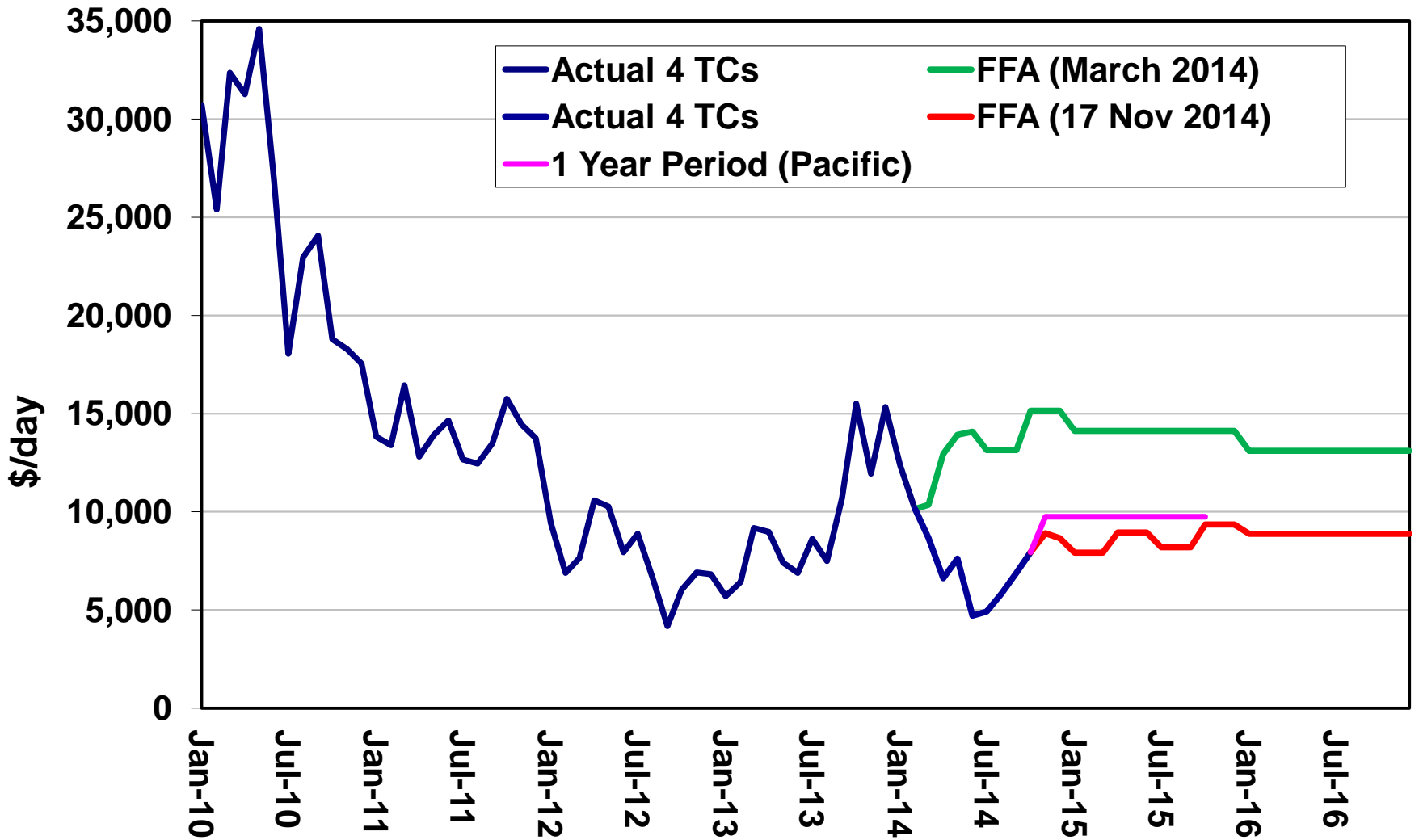
# Quarterly dry bulk carrier deliveries by size



# 2014 ytd net fleet change



# Panamax spot earnings and FFA prices





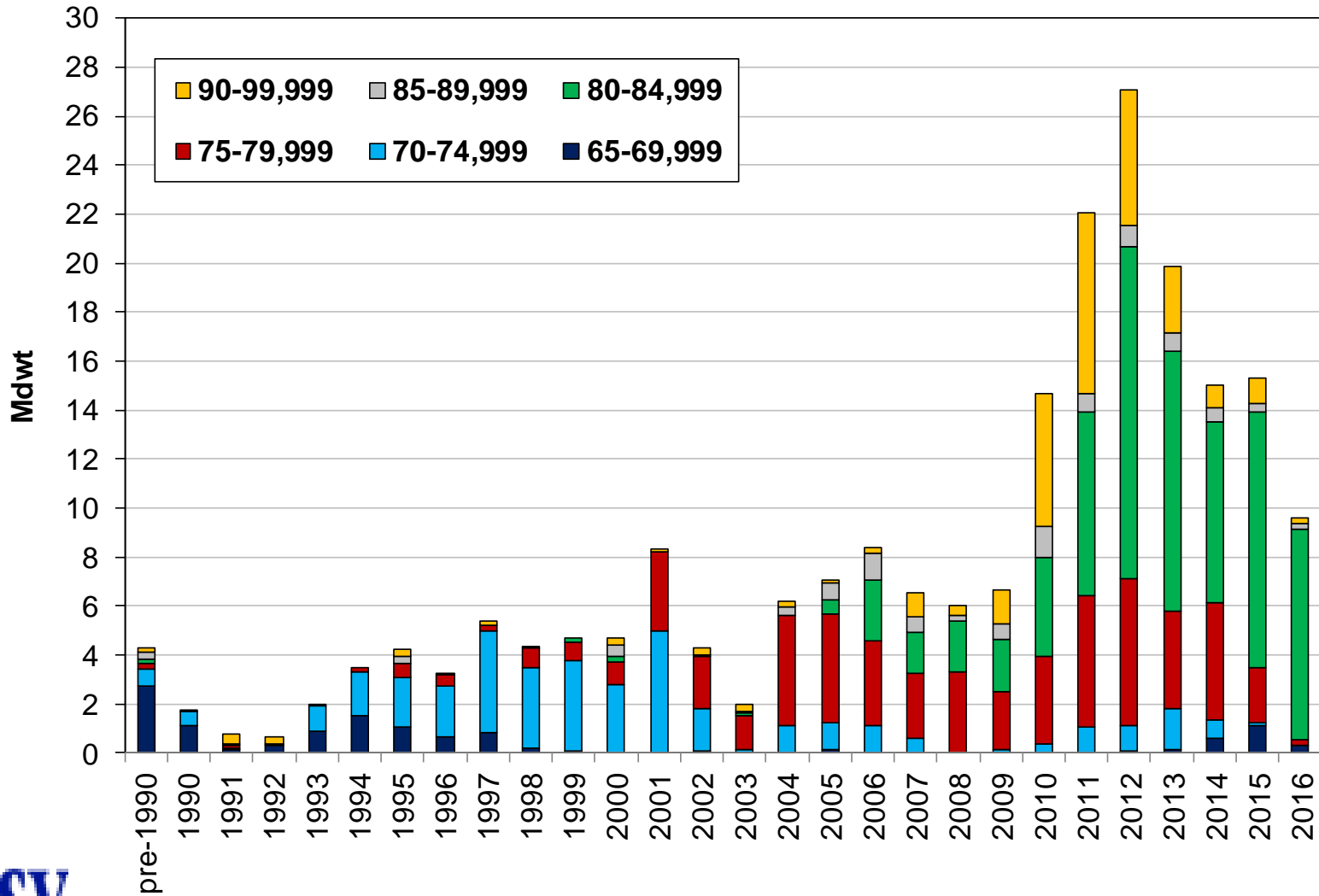
## Avg dry bulk carrier spot market earnings and FFA prices

	<b>FFA 2015</b>	<b>2014ytd</b>	<b>Chg (%)</b>
Handysize	7,450	7,751	-4%
Supramax	9,175	9,807	-6%
Panamax	8,550	7,660	+12%
Capesize	14,125	14,112	0%

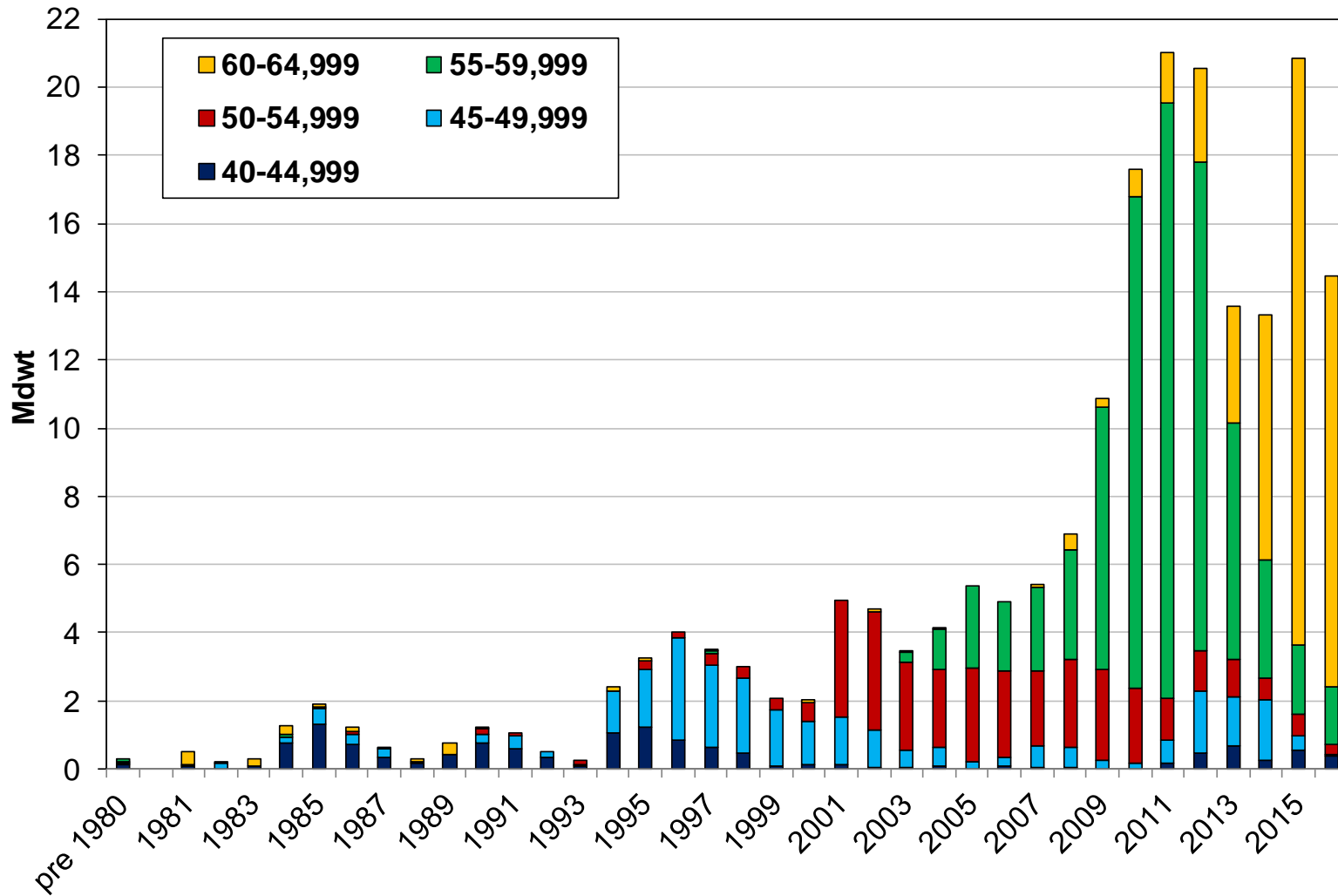
# Freight market outlook

- panamax newbuilding deliveries set to moderate in 2015/16 and further demolition potential
- ...but increased competition for grain cargoes from rising fleet of ultramaxers likely to make panamaxers even more dependent on coal...
- ...where India appears set for further strong growth in imports, but anti-pollution measures (and import taxes) expected to restrict upside for Chinese import demand
- minor bulk trade growth reliant on increased cargo availability, as well as end-user demand

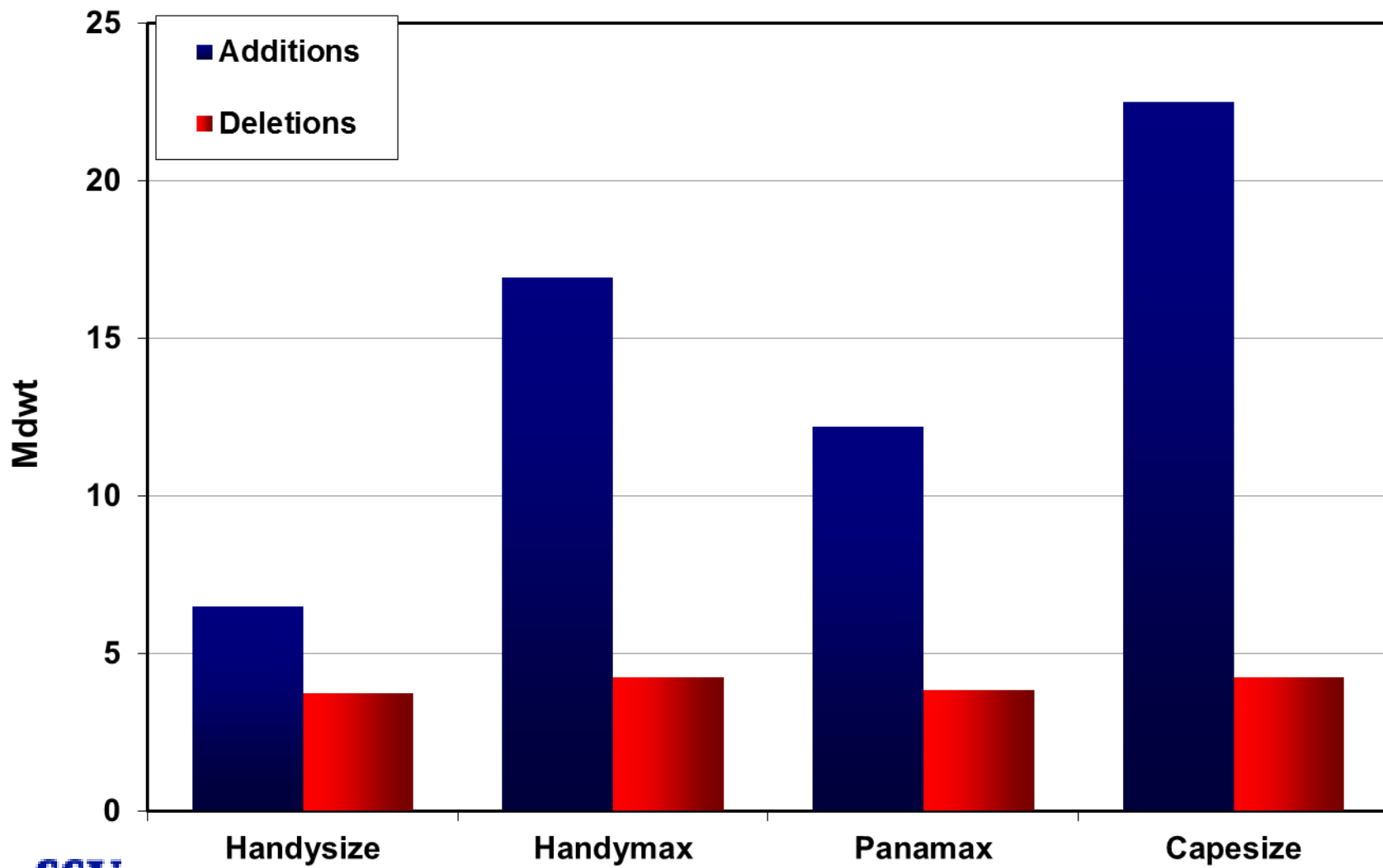
# Panamax fleet



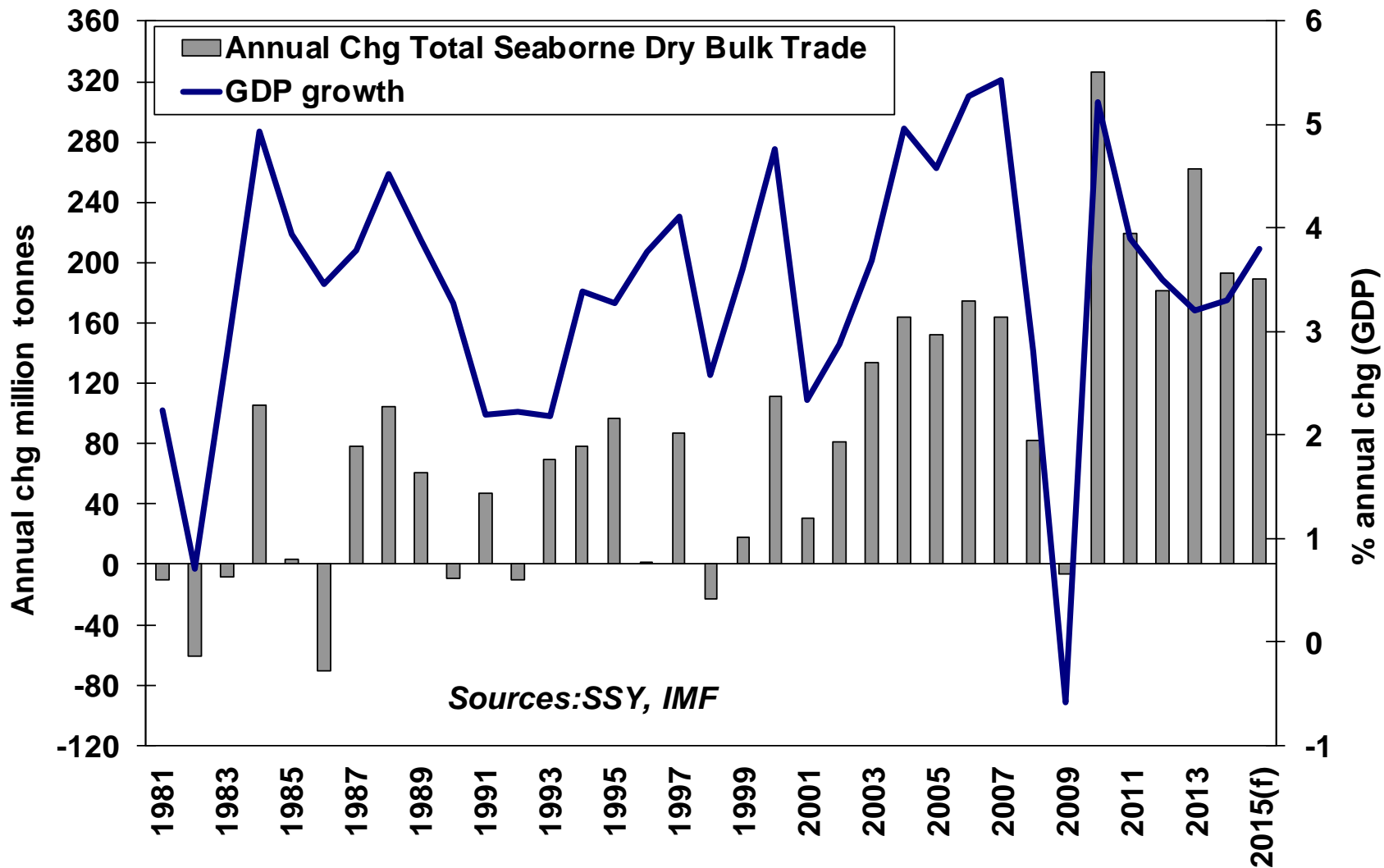
# Handymax and supramax fleet



# Projected net fleet change in 2015



# World gdp and dry bulk trade growth



# Conclusions

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- dry bulk freight market continues to be characterised by uneven development in rates between sizes and regions...
- but weaker than expected vessel earnings in 2014 despite record trade volumes and 5-year low for newbuilding deliveries
- outlook for dry bulk carriers in 2015/2016 has become more negative due to prospect of slower trade growth and increased pace of newbuilding deliveries
- with geared vessels to lead next year's fleet supply growth
- coal trade, fleet efficiency and "ultramax effect" represent key swing factors

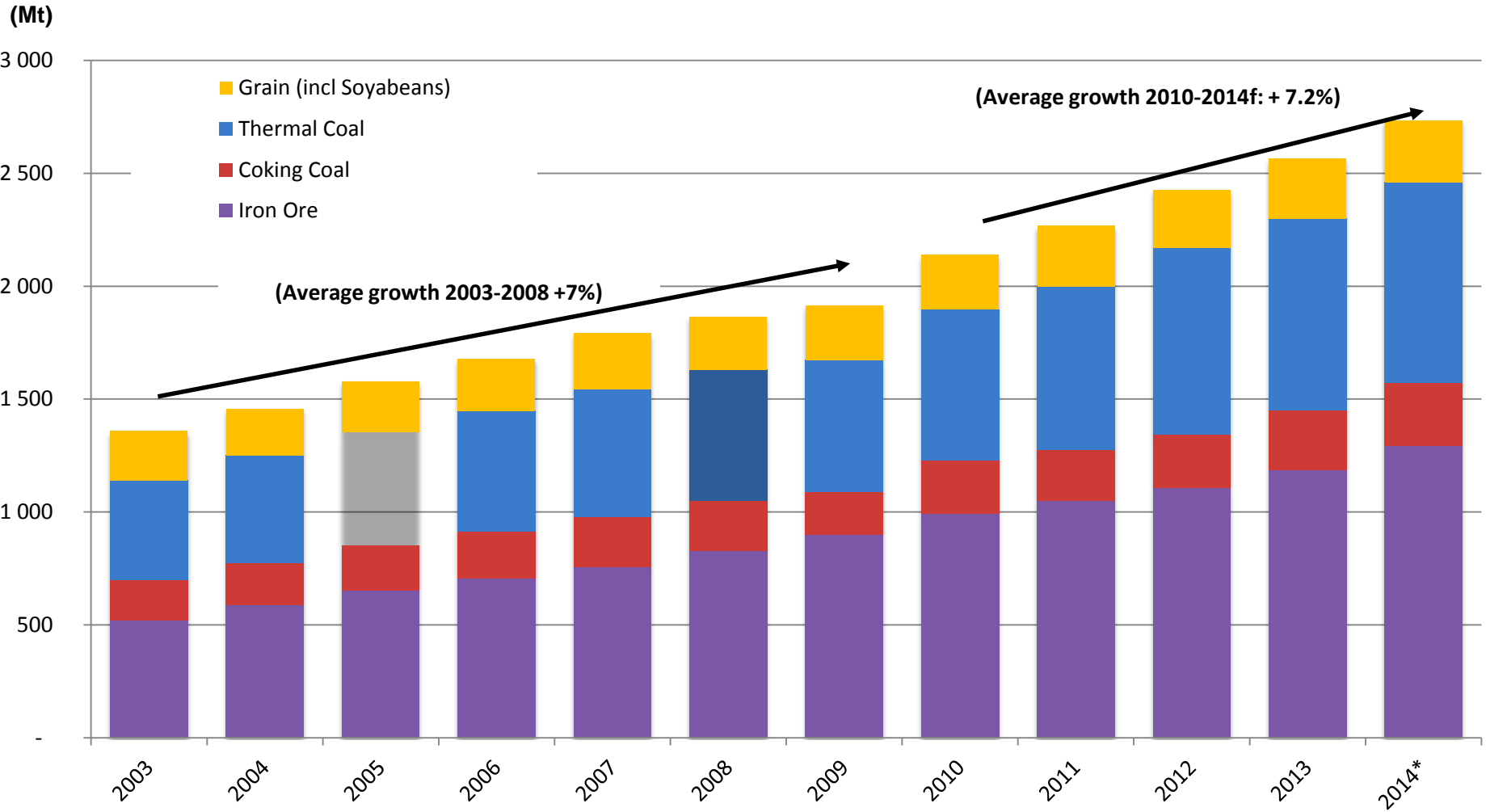
# Thank You

Data kindly supplied by SSY Research



# Dry cargo bulk demand

## DRY BULK SEABORNE TRADE - Major commodities

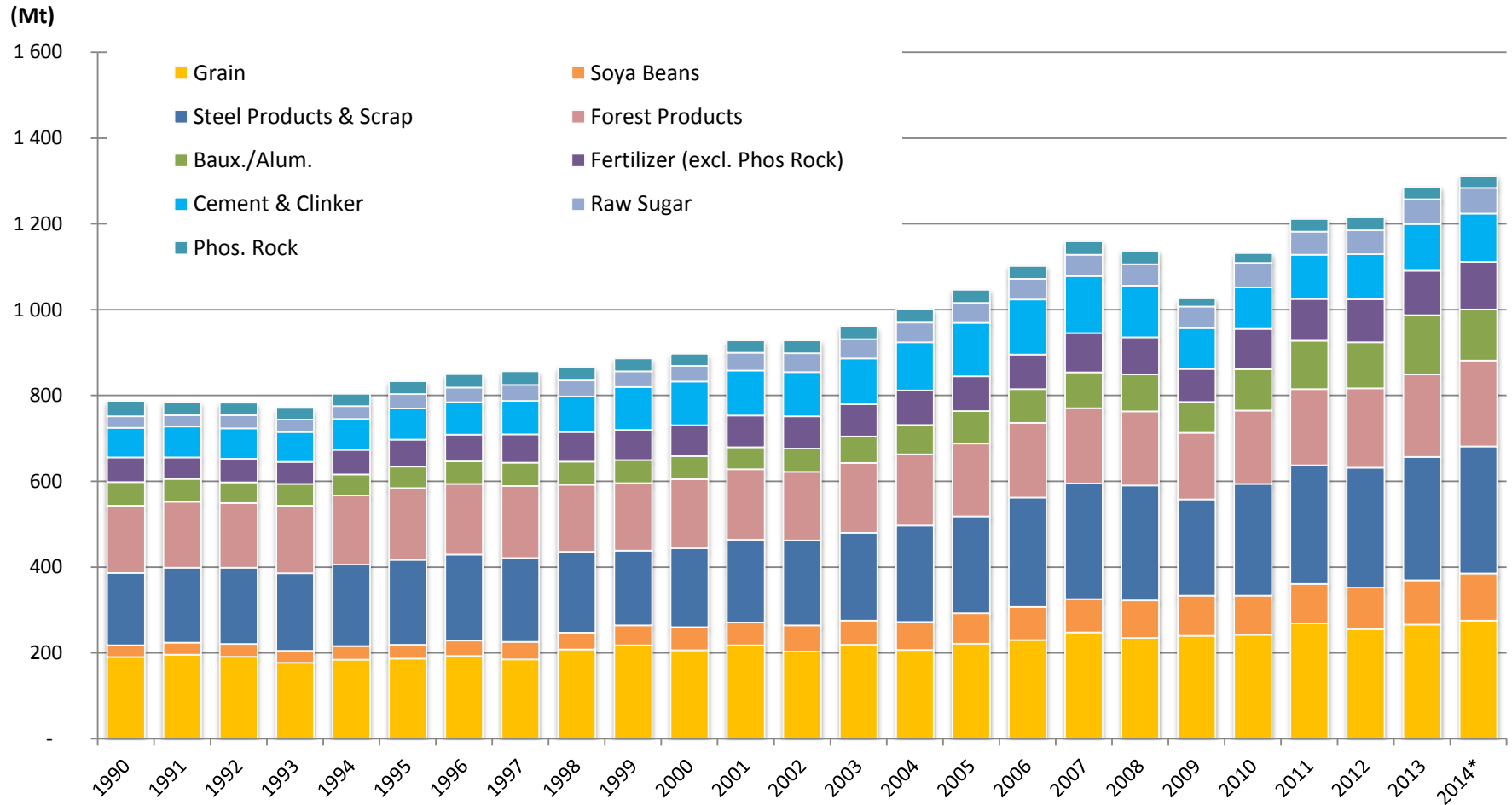


(\* - Forecast - BRS)



# Minor Commodities

## DRY BULK SEABORNE TRADE - Minor commodities

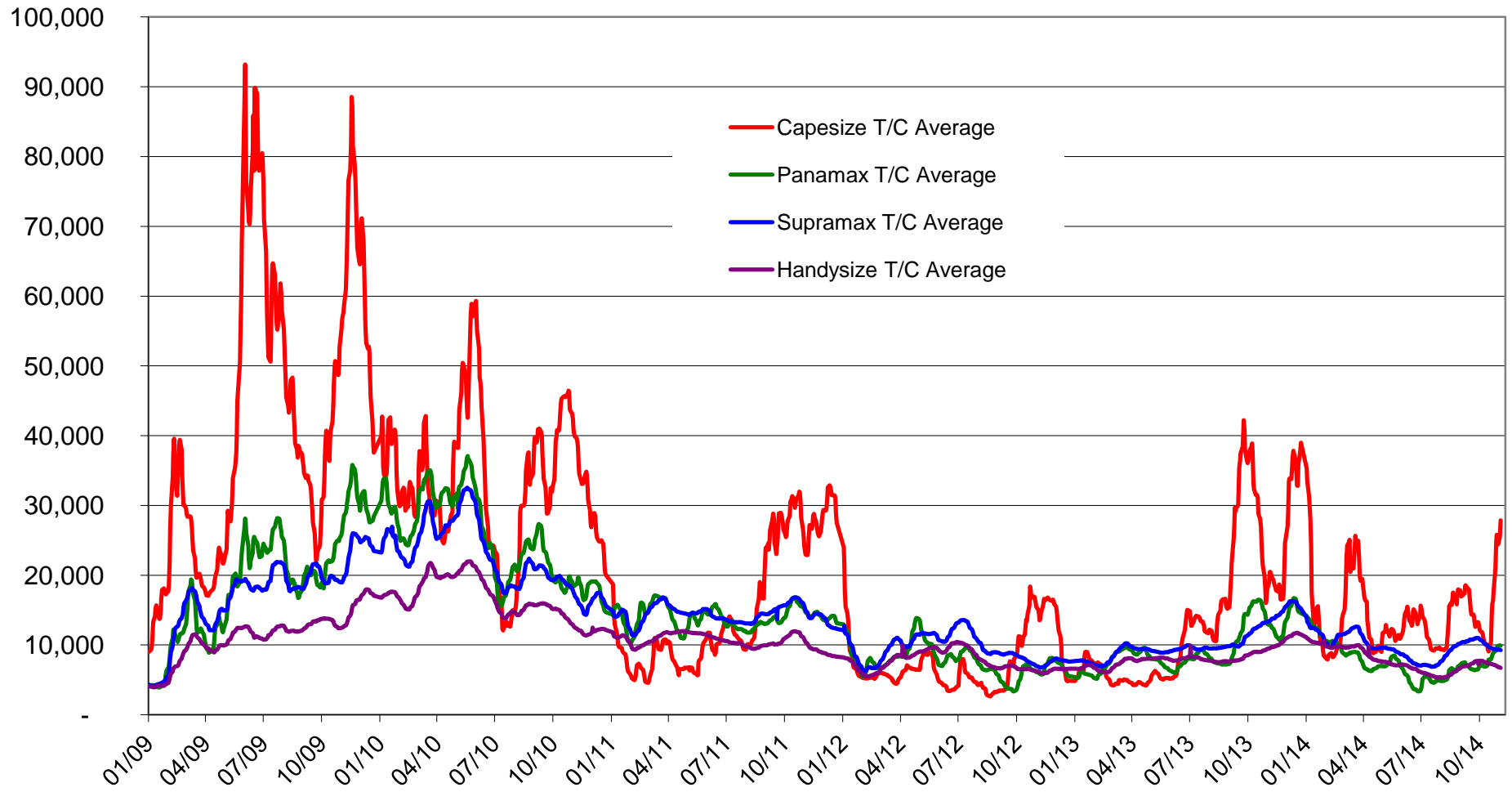


# Ocean freight – dry bulk market

## DRY BULK CARRIERS - SHORT T/C AVERAGE

(Average Baltic Exchange T/C routes)

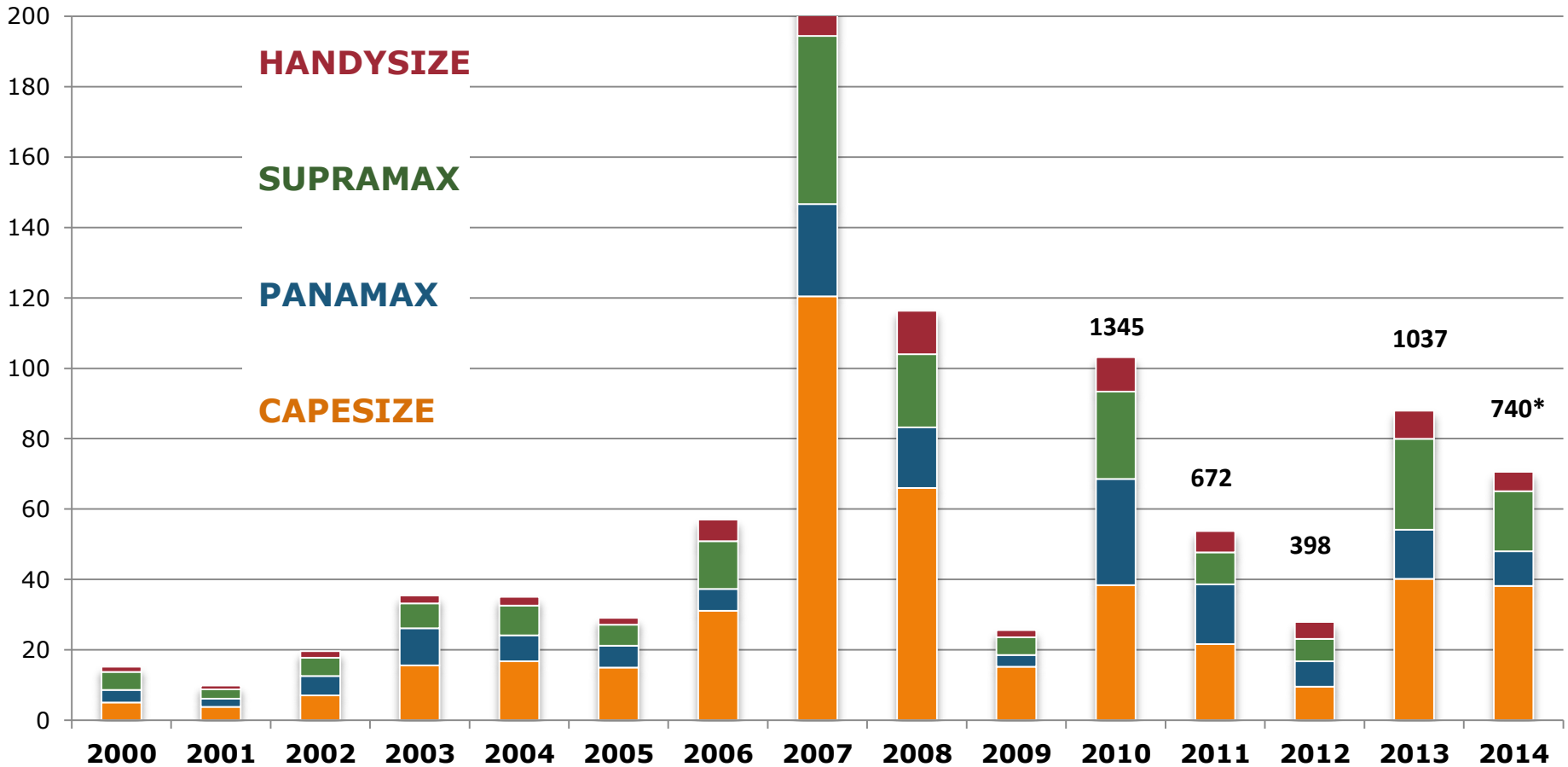
US\$/day



# Ship ordering frenzy.....

## New Orders For Bulk Carriers since 2000

Million dwt



(\* at 17 Nov 2014)

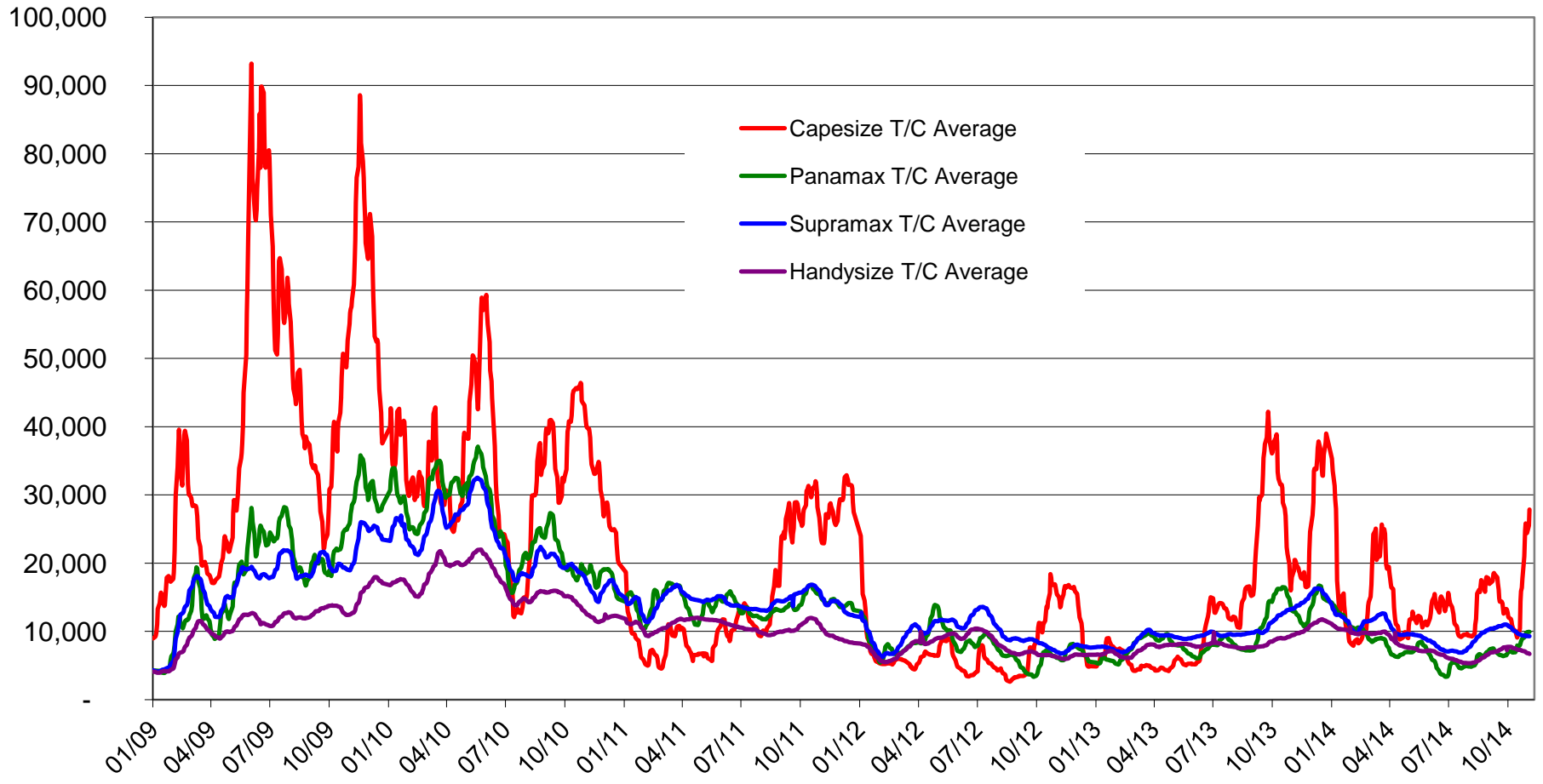


# .....2008 correction the missed opportunity.....

## DRY BULK CARRIERS - SHORT T/C AVERAGE

(Average Baltic Exchange T/C routes)

US\$/day



# New vessel supply in numbers

## Dry Bulk Deliveries by Vessel Class (2001-2008 average, 2009-2011, 2012 projection)

	Handysize	Handymax	Panamax	Capesize	<u>Total</u>
2001-2008	55	51	52	122	<u>280</u>
2009	160	185	109	116	<u>570</u>
2010	228	292	172	214	<u>906</u>
2011	290	326	274	259	<u>1,149</u>
2012	295	315	410	210	<u>1,230</u>

## Dry Bulk Orderbook (2013-2014)

	Handysize	Handymax	Panamax	Capesize	<u>Total</u>
2013	175	125	240	90	<u>630</u>
2014	50	30	75	35	<u>190</u>