

# BARRY ROGLIANO SALLES

BRS is a full-service shipbroker engaged in all segments of the shipping industry

Mr Ran Xing

## Newbuilding



**Sale & Purchase**

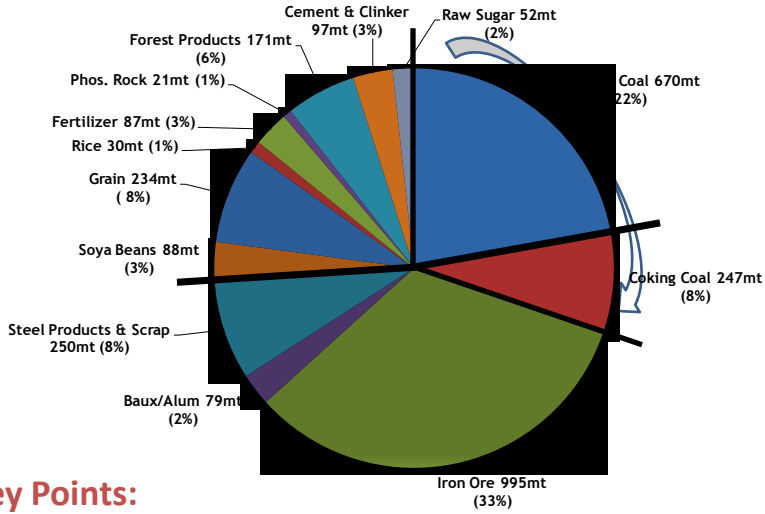
**Chartering**

## Presentation Outline

- ✓ Who are we?
- ✓ Dry Bulk Seaborne Trade: Major Commodities
- ✓ Steel Mills & Iron Ore Imports
- ✓ Power Plants & Coal Imports

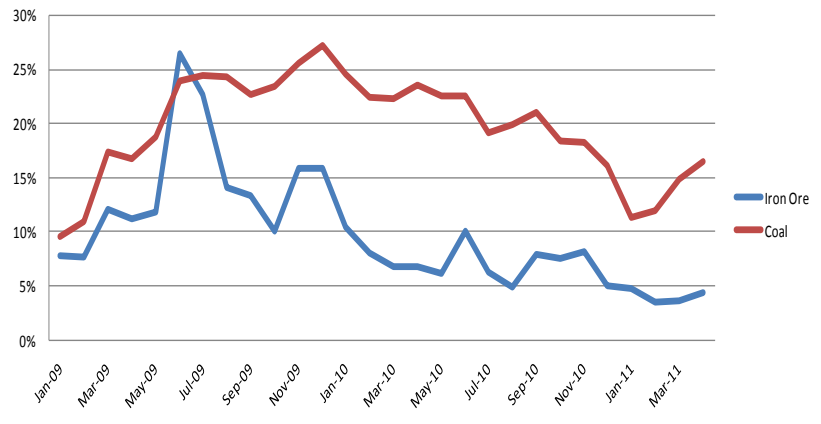
## Bulk Freight Trade Distribution

**WORLD DRY BULK SEABORNE TRADE IN 2010 (provisional)**

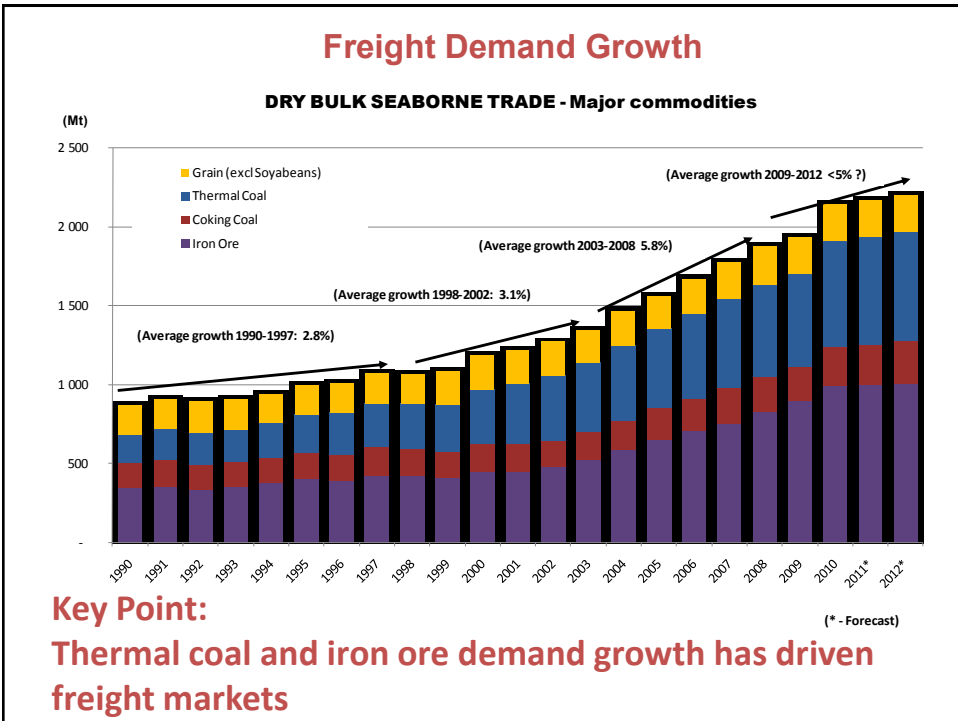
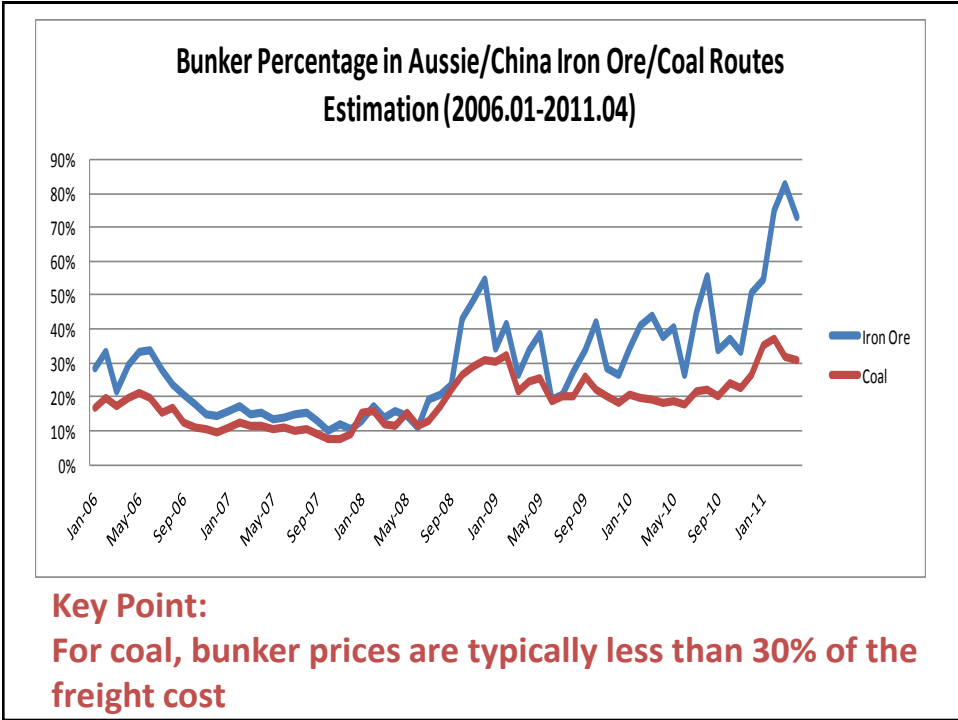


**Key Points:**  
**30% of freight trade is for coal**

**Freight Percentage in Aussie Iron Ore & Coal CFR Price Estimation (2009.01-2011.04)**



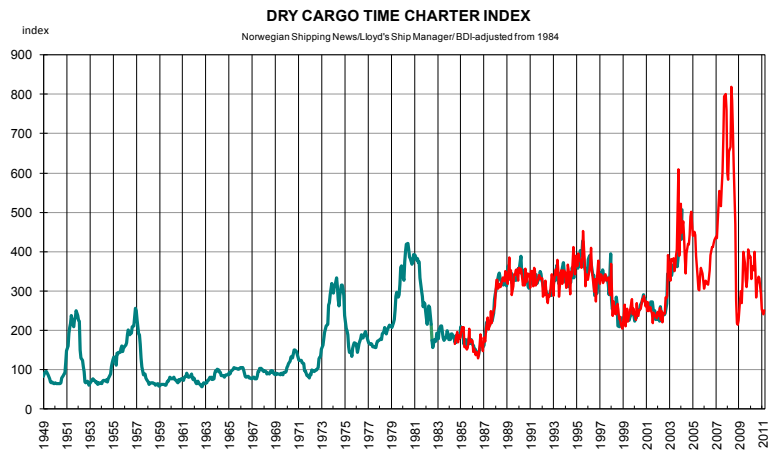
**Key Point:**  
**Freight transportation costs determine supply competitiveness**



## FRT EVOLUTION / FACTORS

- ✓ HISTORICAL CYCLES
- ✓ BUNKERS
- ✓ NEWBUILDING PRICES
- ✓ NEW DELIVERY
- ✓ CONGESTION

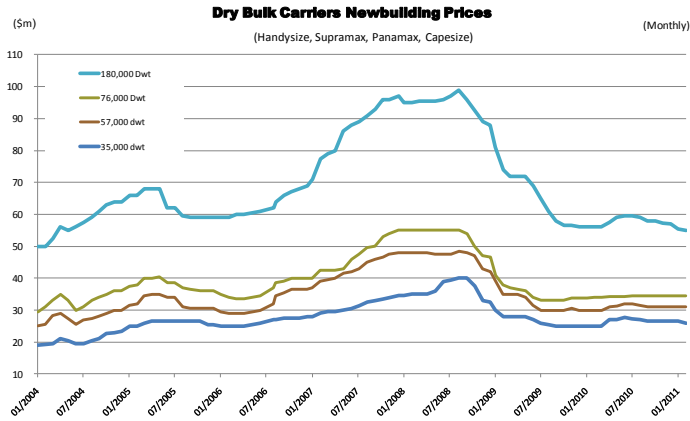
## Dry Bulk Shipping cycles since 1948



### Key Point:

**Very high freight prices between 2003-2009 have encouraged investment in new ships**

## Newbuilding prices bottoming out?



**Key Point:**  
Reduction in new building costs supports ongoing fleet capacity investment

## Dry Bulk deliveries from 2000 to 2009

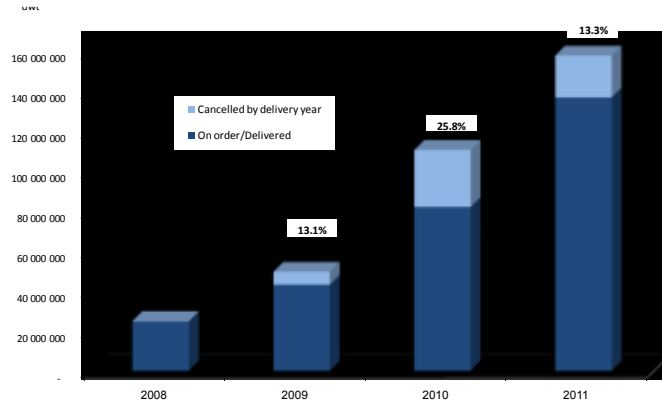
(number of ships)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
VLOC		1	1		2		1	3	7	12	19
CAPE	30	29	19	31	39	47	56	52	36	96	174
SMALL	8	4	4	6	6	10	16	21	9	26	78
PANAMAX	55	114	54	20	74	84	91	64	75	64	108
SUPRAMAX	42	98	91	63	77	103	93	98	118	183	295

SOURCE: BRS

**Key Points:**  
New deliveries have almost doubled the shipping fleet since 2008  
Freight rate reductions are primarily due to increased shipping capacity

### Impact of cancellations still relatively marginal



**Key Point:**  
 Shipyard capacity utilisation and low building costs will not result in large scale order cancellations

### Dry bulk orderbooks

Updated on:11-04-2011

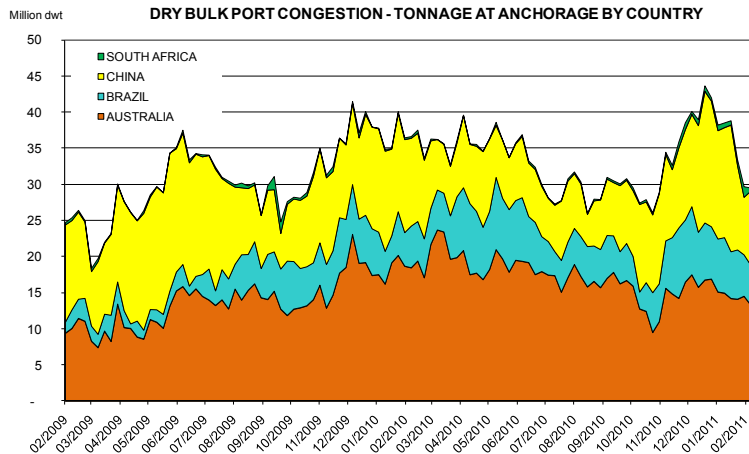
	2011	2011	2012	2013	2014	2015	2016+	TOTAL
VLOC	9	27	42	21	7	0	0	97
CAPE	50	200	142	43	2	0	0	387
SMALL CAPE	25	142	90	18	4	0	0	254
PANAMAX	41	235	360	121	23	0	0	739
SUPRAMAX	90	370	306	121	4	0	0	804
HANDYSIZE	68	298	224	86	17	0	0	625
<b>TOTAL</b>	<b>283</b>	<b>1272</b>	<b>1167</b>	<b>410</b>	<b>57</b>	<b>0</b>	<b>0</b>	<b>2906</b>

Delivered

SOURCE: BRS

**Key Point:**  
 New shipping capacity investment will maintain capacity oversupply in medium term

## Port congestion by country: here to stay?



### Key Point:

**Port congestion highlights lagging investment in both port and mine production capacity**

## CONCLUSIONS

- Due to new capacity delivery and oversupply;
  - Freight rates will remain only marginally above costs for the medium term
  - Bunker prices will be a determinant, but will not drive price spikes
- Ongoing port congestion highlights;
  - Demand growth which is driven by domestic supply shortages
  - Rate of investment in seaborne export capacity for coal is lagging demand growth
  - Rate of investment in coal new mine supply capacity is lagging demand growth