

Freight Rates Outlook – September 2022

Prepared for Europulp

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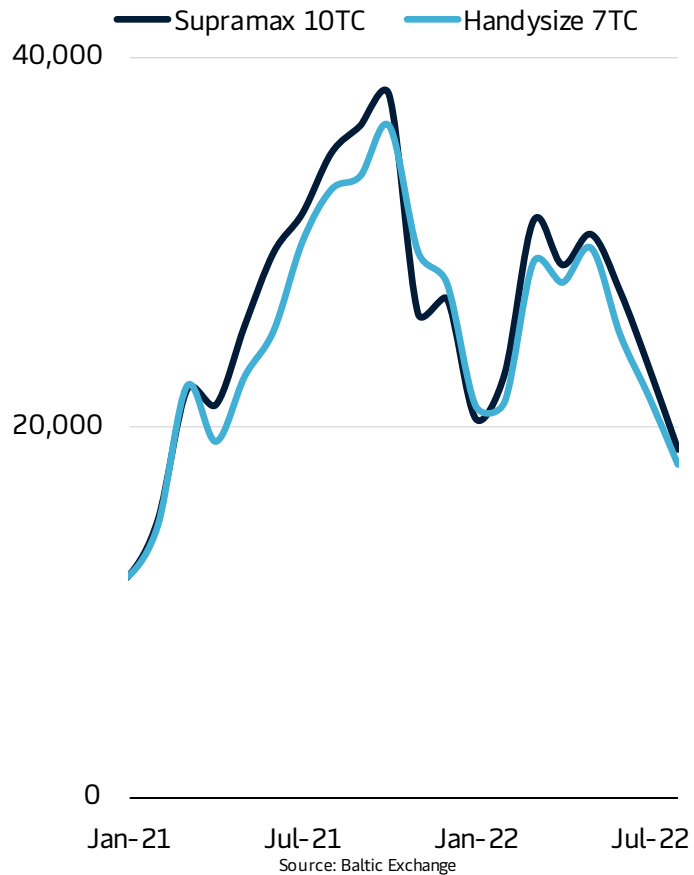
Recent Developments



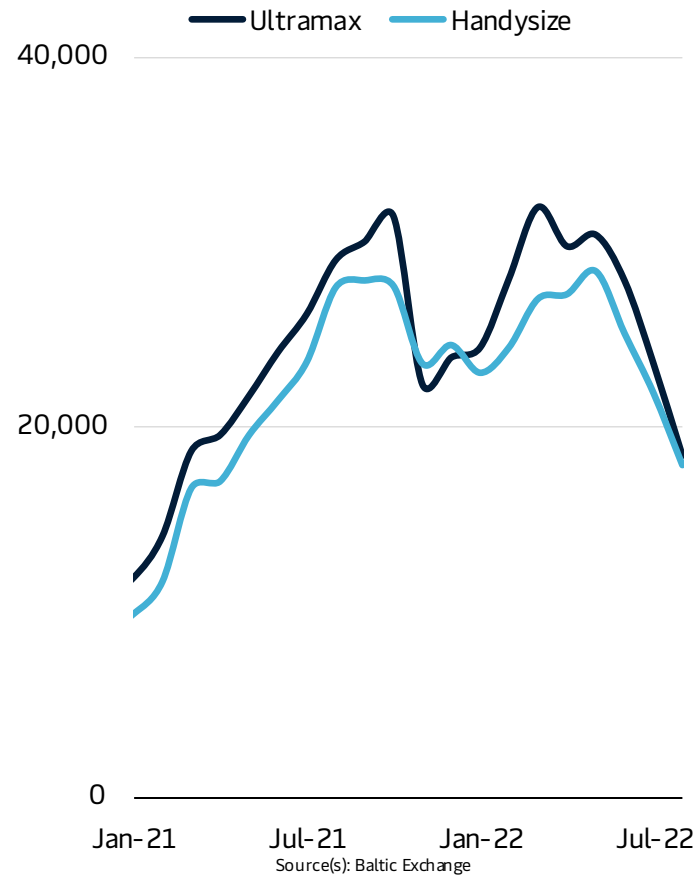
Geared dry bulk vessel earnings & Container rates

Earnings for geared ships have come off significantly since May

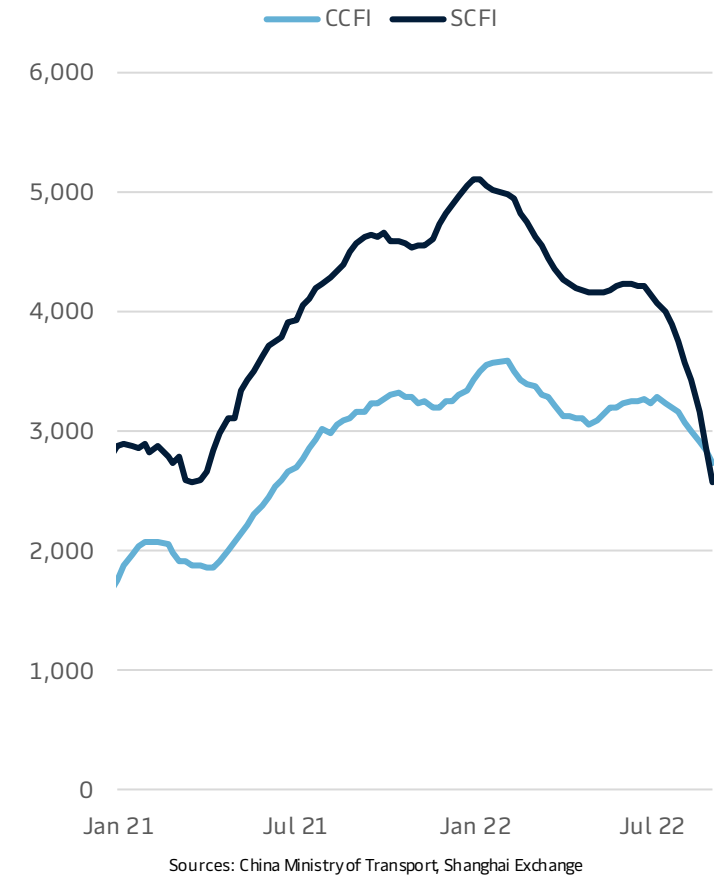
Freight rates
USD/Day



Period rates 1-Yr
USD/Day



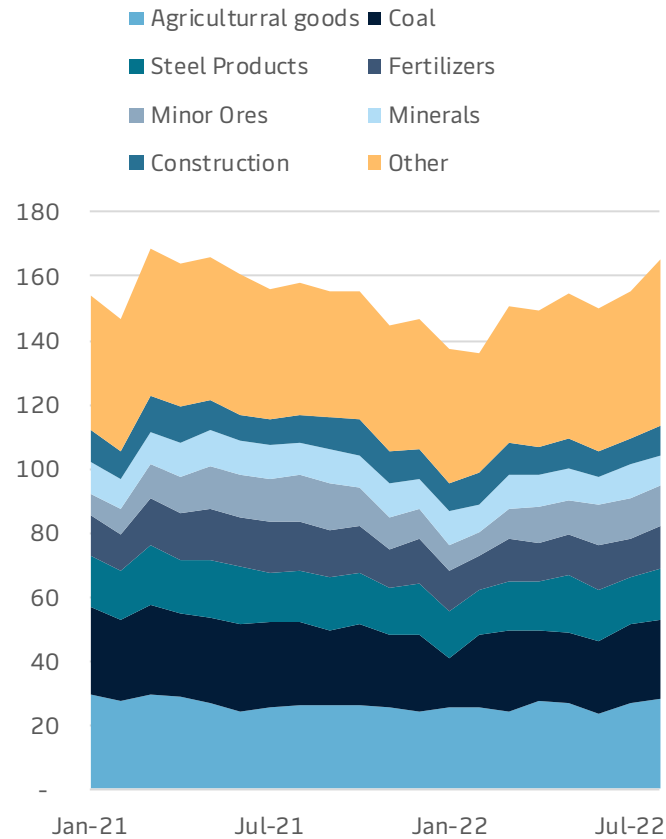
Container freight rates
Index



Pressure and Support for Geared Ships

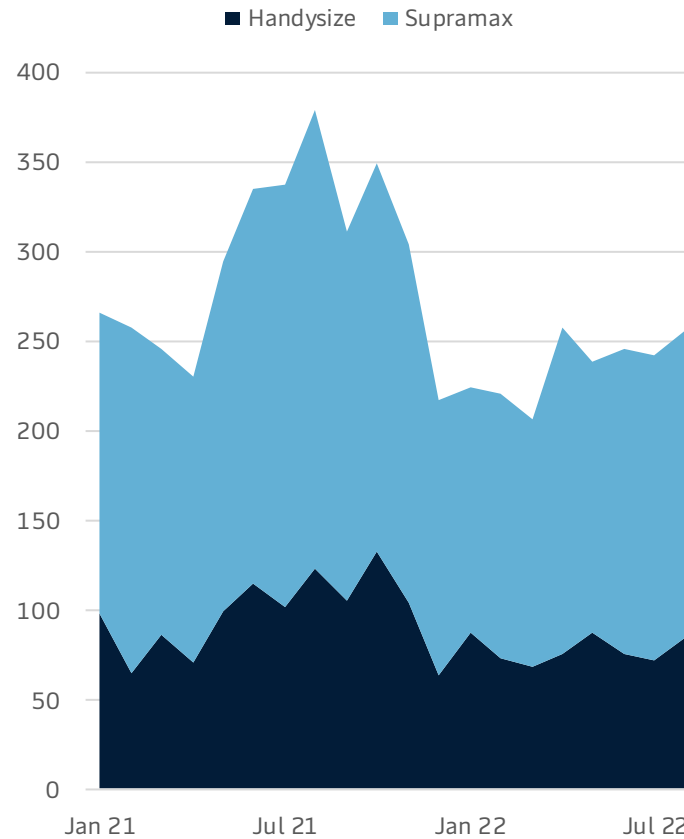
Pressure for Supramaxes has come from larger vessels, as demand and congestion held up

Cargo transported by ships up to 67,000 DWT
Mn tonnes



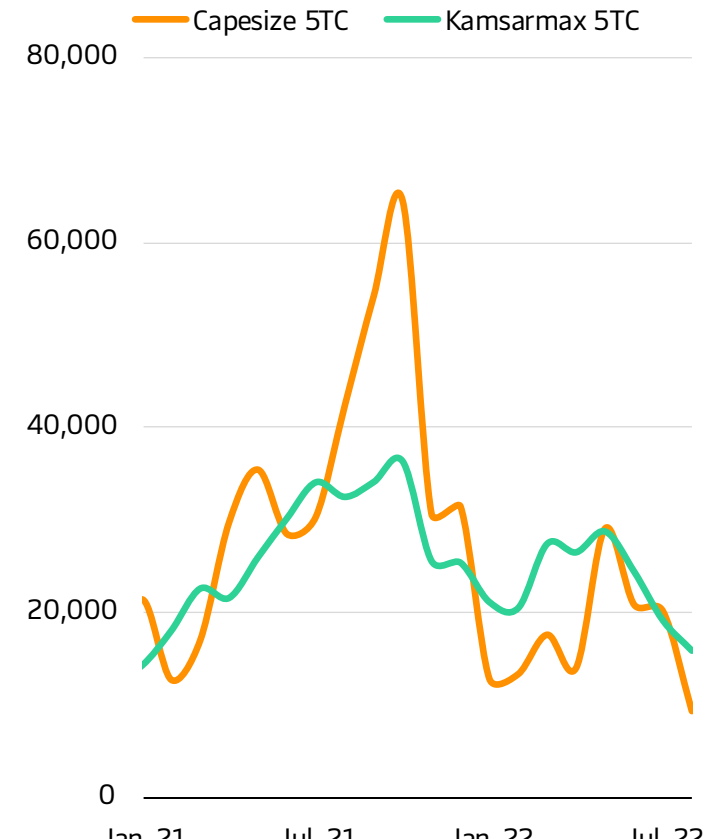
Source: AXS Dry

Congestion at Chinese ports
Number of ships



Source: AXS Dry

Freight rates for gearless ships
USD/Day



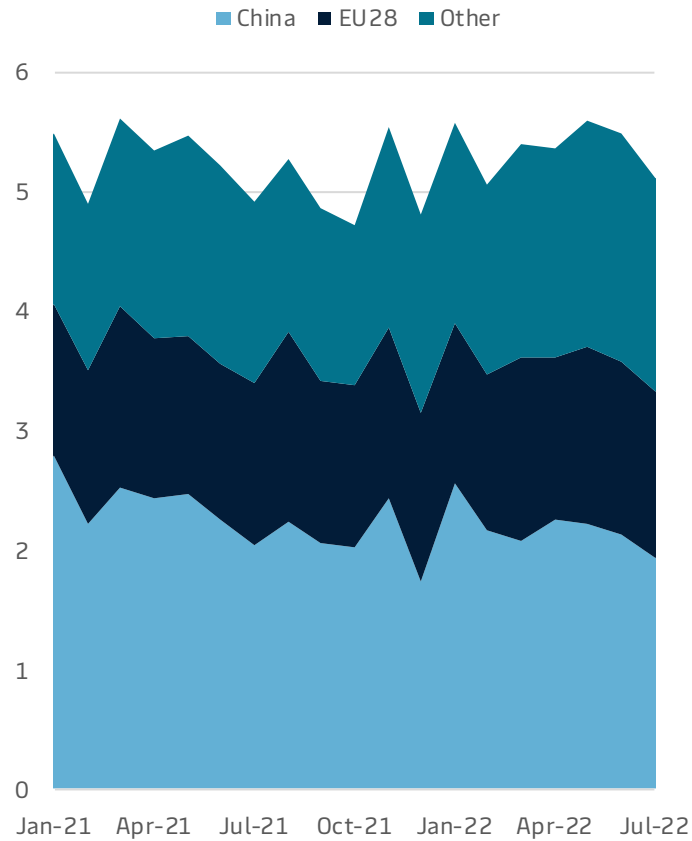
Source: Baltic Exchange

Wood Pulp Imports

China and Europe are the two largest import markets for wood pulp

World wood pulp imports by destination

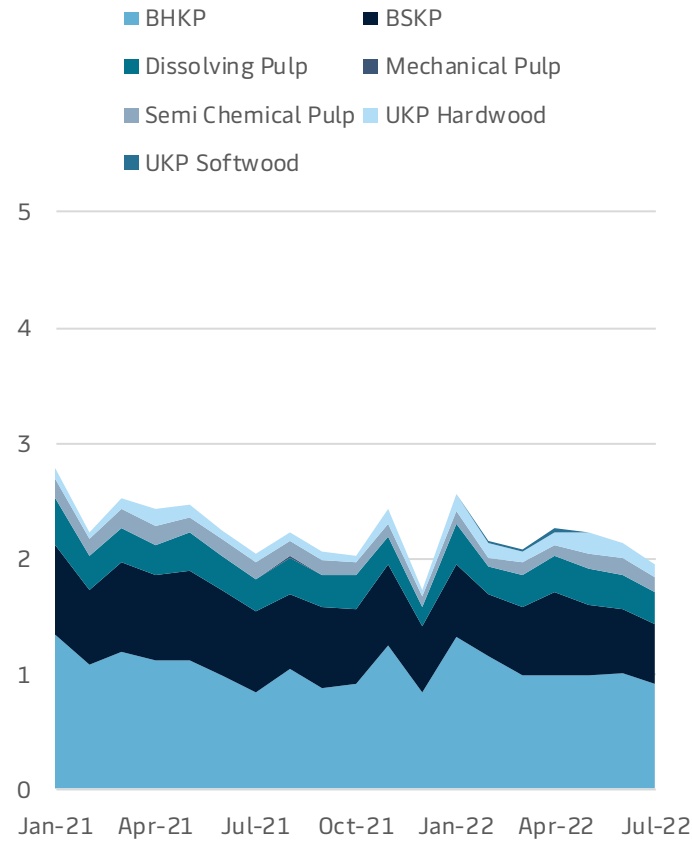
Mn tonnes



Source: Tradeviews

China wood pulp imports by type

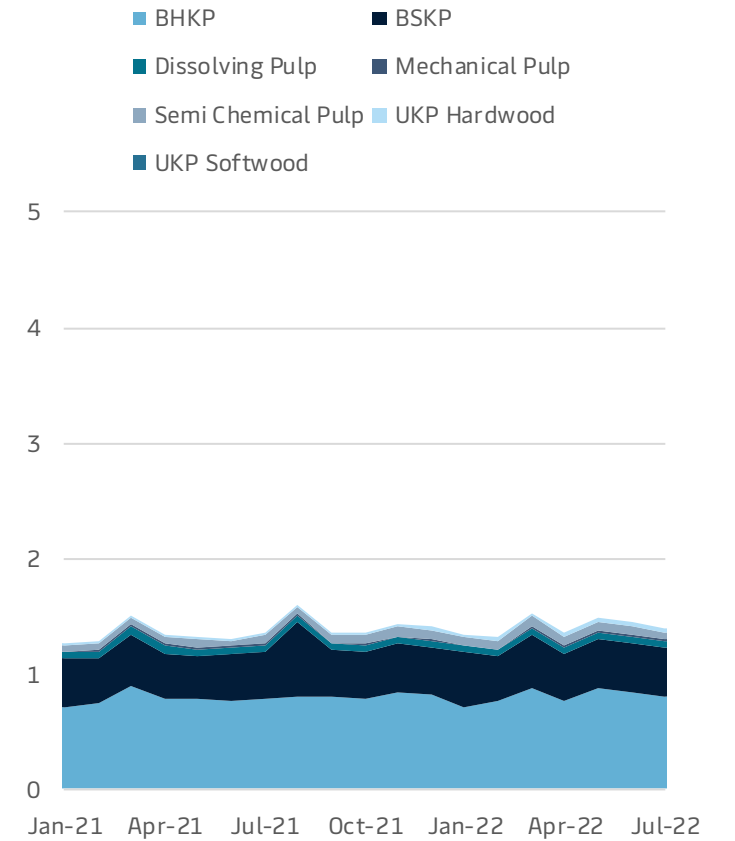
Mn tonnes



Source: Tradeviews

Europe wood pulp imports by type

Mn tonnes

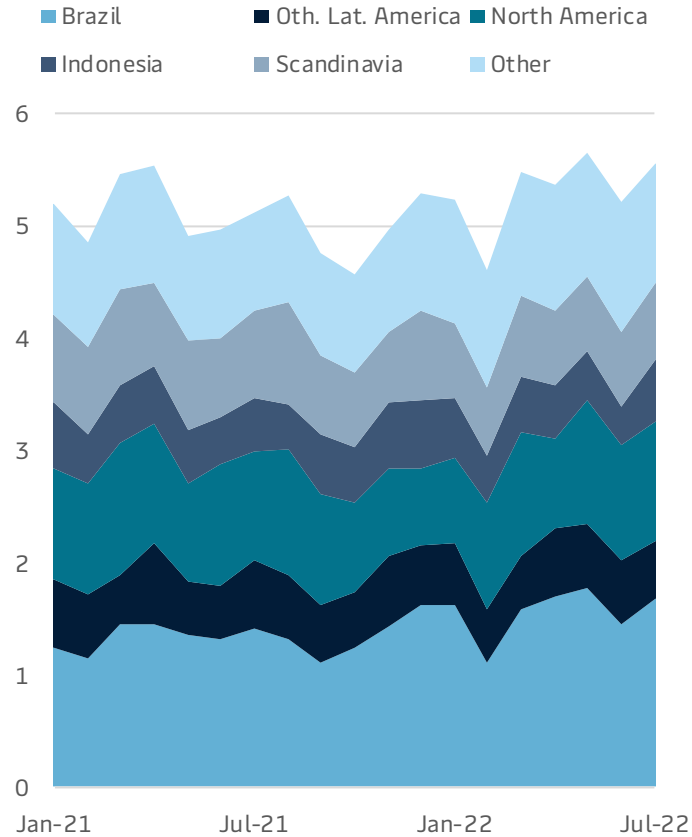


Source: Tradeviews

Wood Pulp Exports

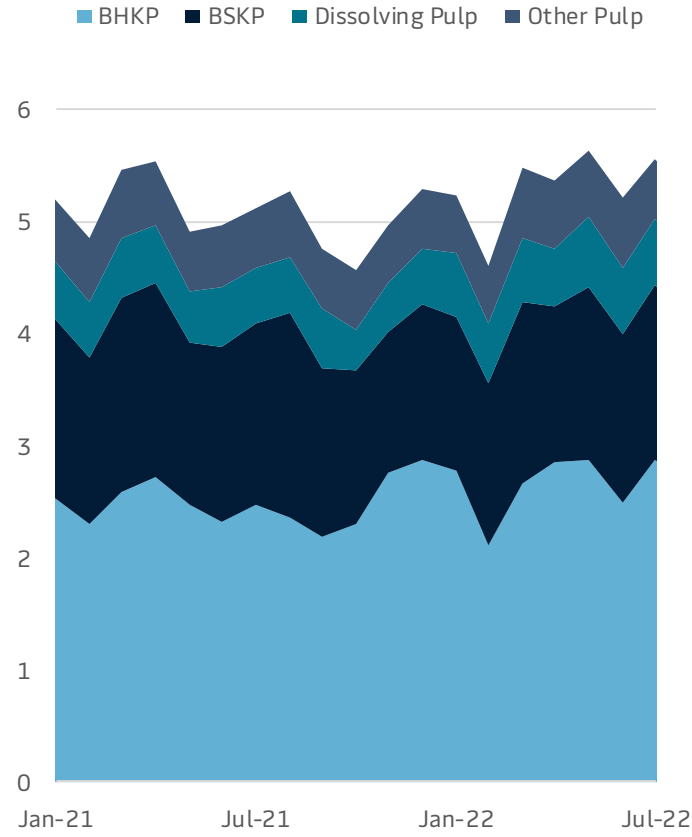
Brazil and Latin America remain the largest exporters of BHKP

World wood pulp exports by origin
Mn tonnes



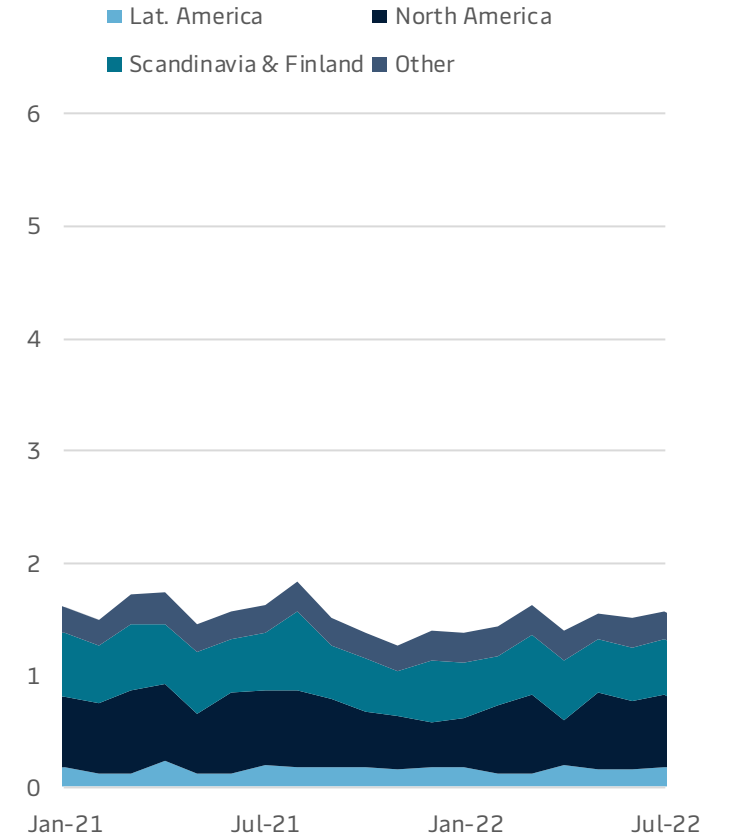
Source: Tradeviews

World wood pulp exports by type
Mn tonnes



Source: Tradeviews

Bleached soft wood kraft pulp exports
Mn tonnes



Source: Tradeviews

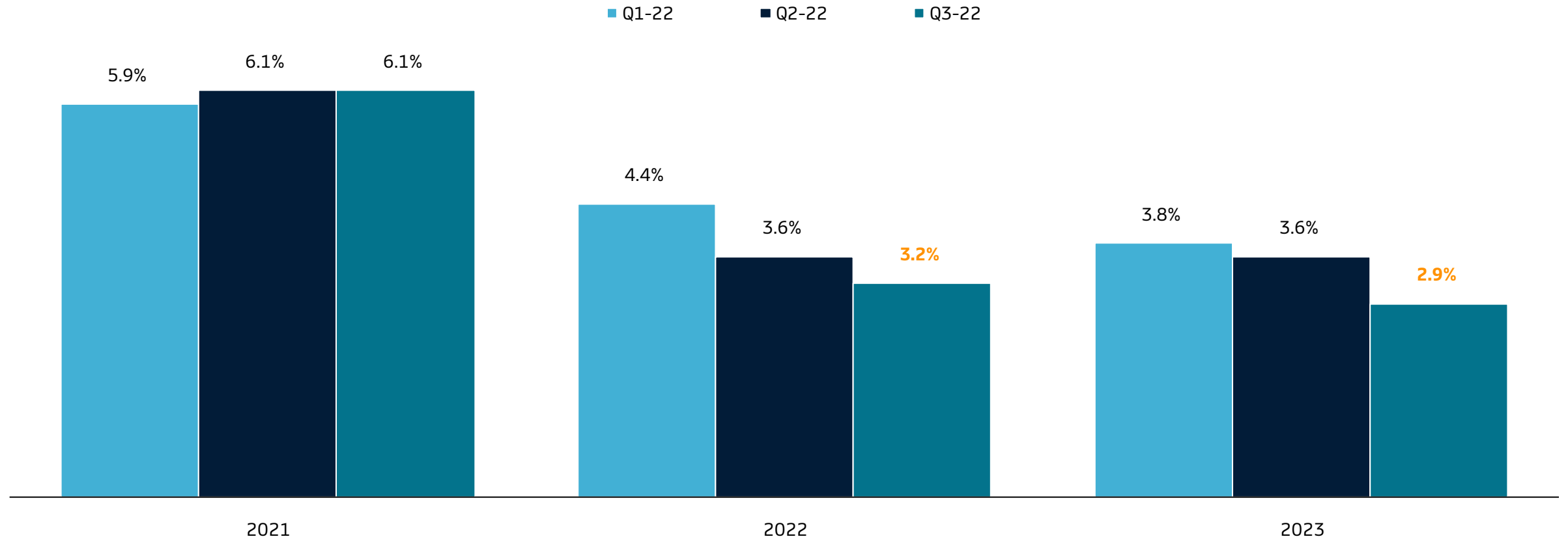
Macro Picture & Demand



Global growth

Global growth adjusted downward again by IMF – 2023 more than 2022

World GDP Outlook
y/y

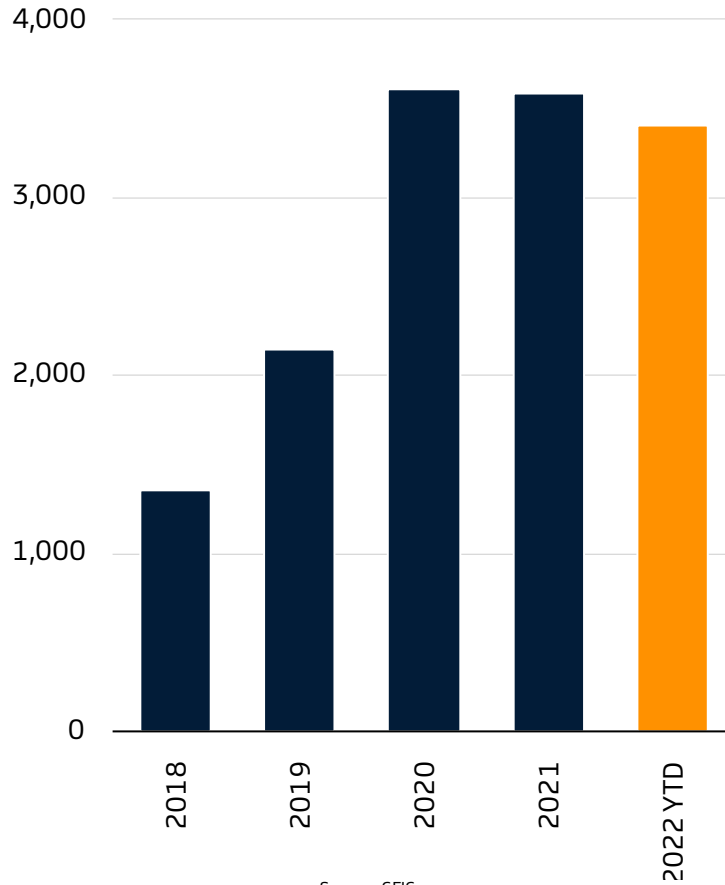


Source: IMF

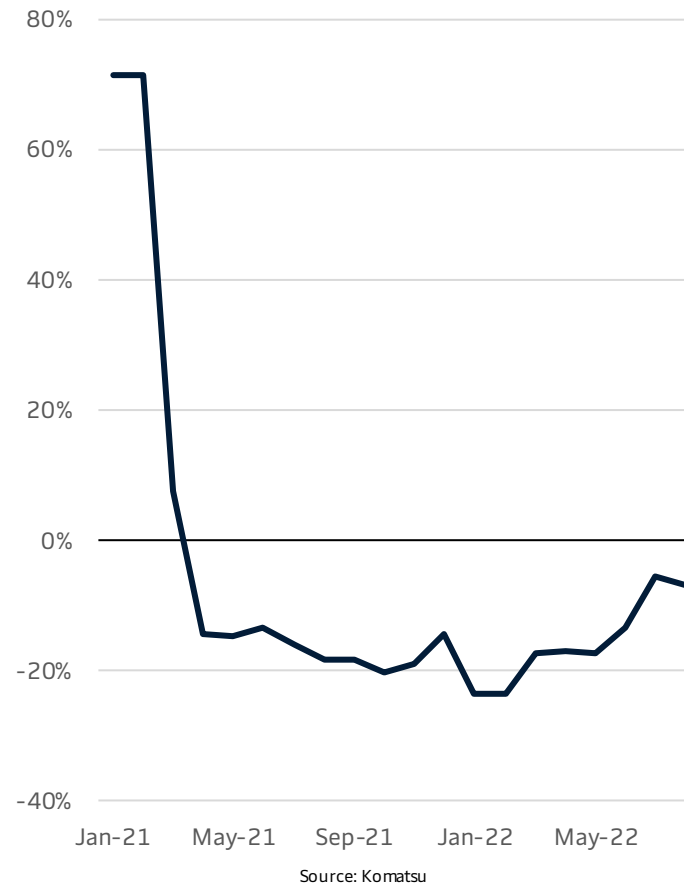
Economic outlook for China

China's economy is still to recover following multiple lockdowns and depressed real estate industry

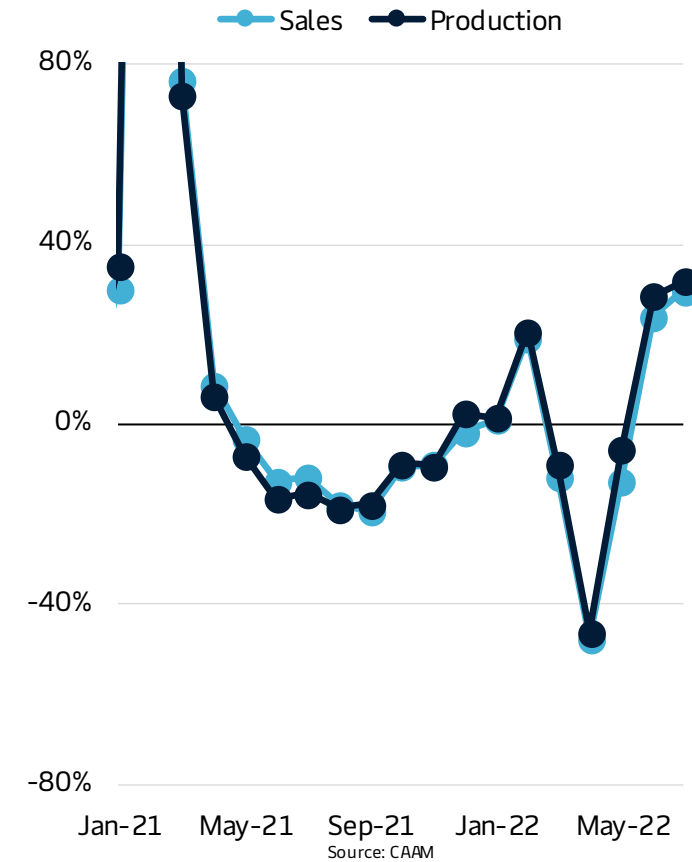
China Local Government New Special Bonds Issue
RMB Tr



Construction equipment activity in China
Average hours work change y/y



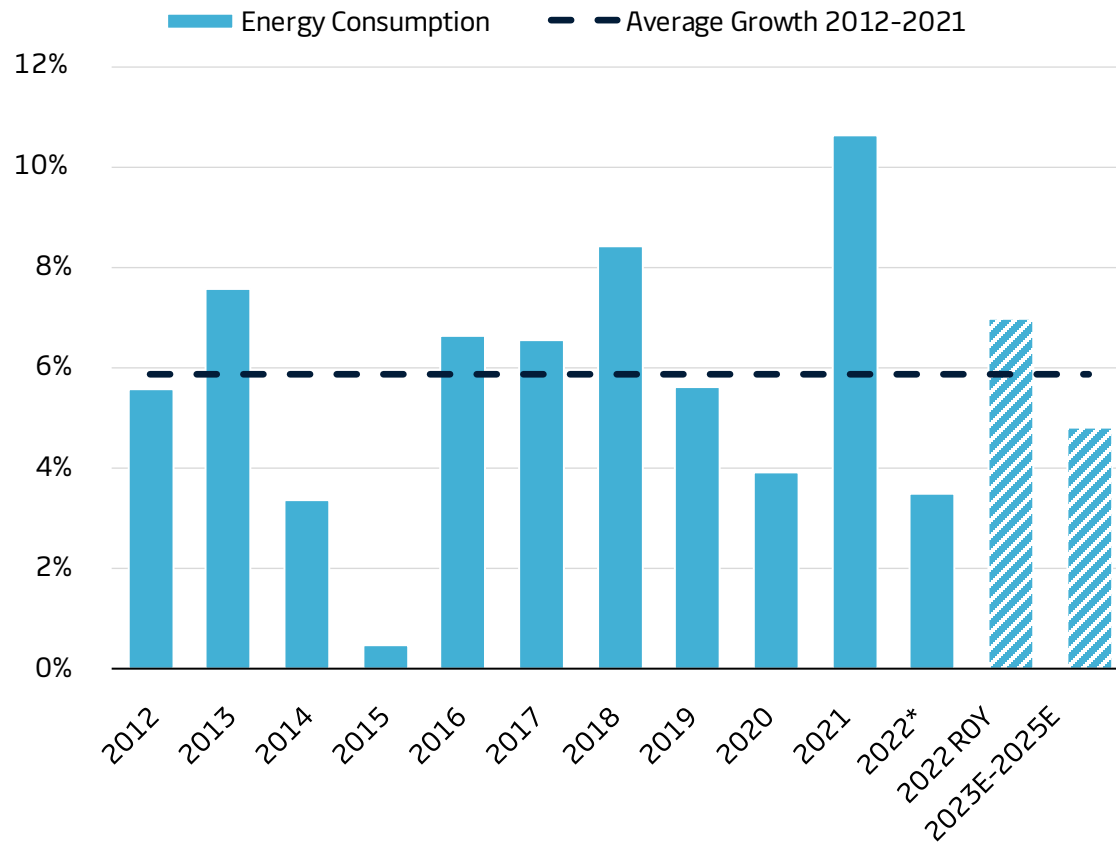
China vehicle market
Change Y/Y



Economic outlook for China

Energy has become a significant pebble in China's shoe

China Energy Consumption
yy/y growth



Source: Caixin and Shanghai Security News

China Manufacturing PMI and Chinese Exports
Exports USD Bn (lhs) / Manufacturing PMI, index (rhs)

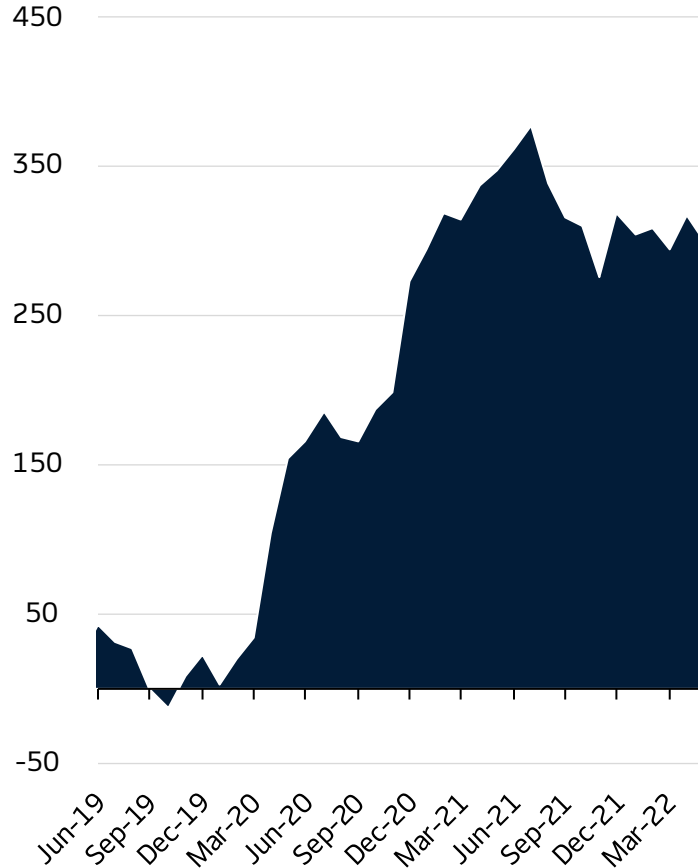


Source: Caixin and China, General Administration of customs

Euro-area excess savings

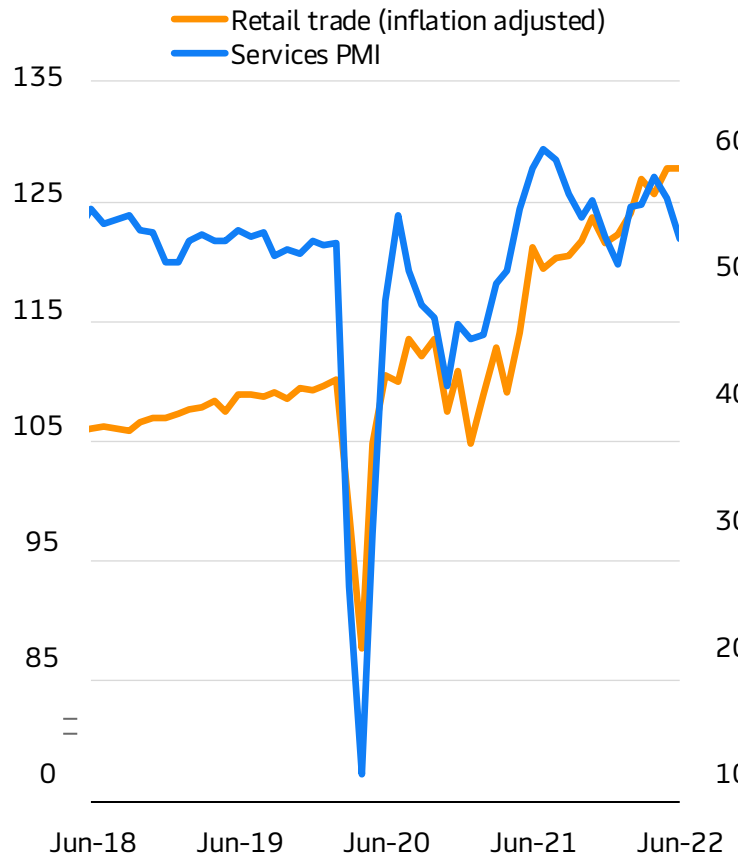
European households still wary of spending Covid savings - a saving grace ahead of energy crunch?

Euro-area excess savings, 2015-prices
Bn EUR



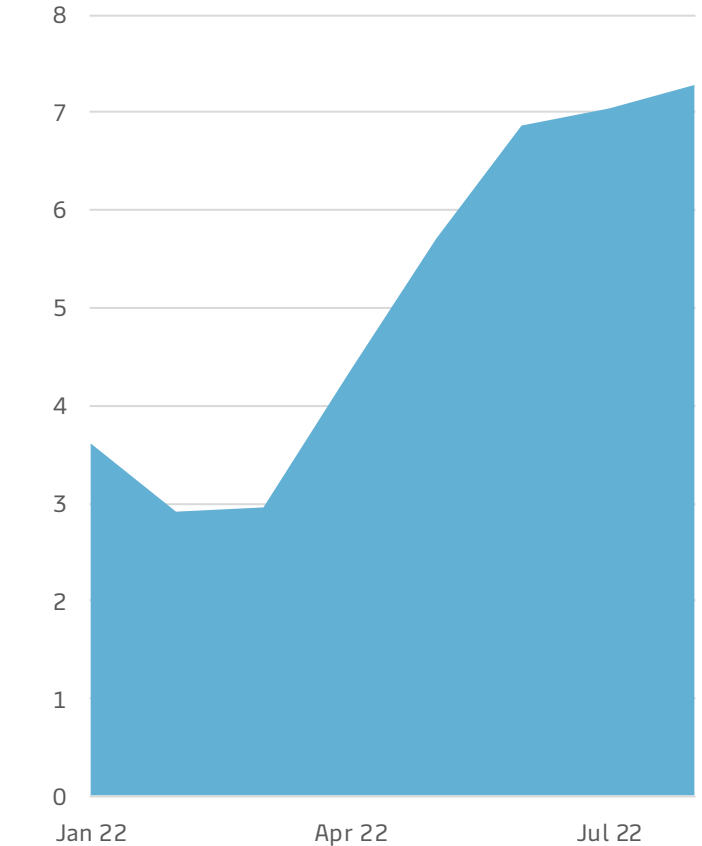
Source: Bloomberg, Maersk Broker Insights

Euro-area retail trade volume and turnover
Seasonally adjusted (Retail Index, 2015 = 100)



Source: Eurostat, Maersk Broker Insights

ARA coal inventories
Mn tonnes

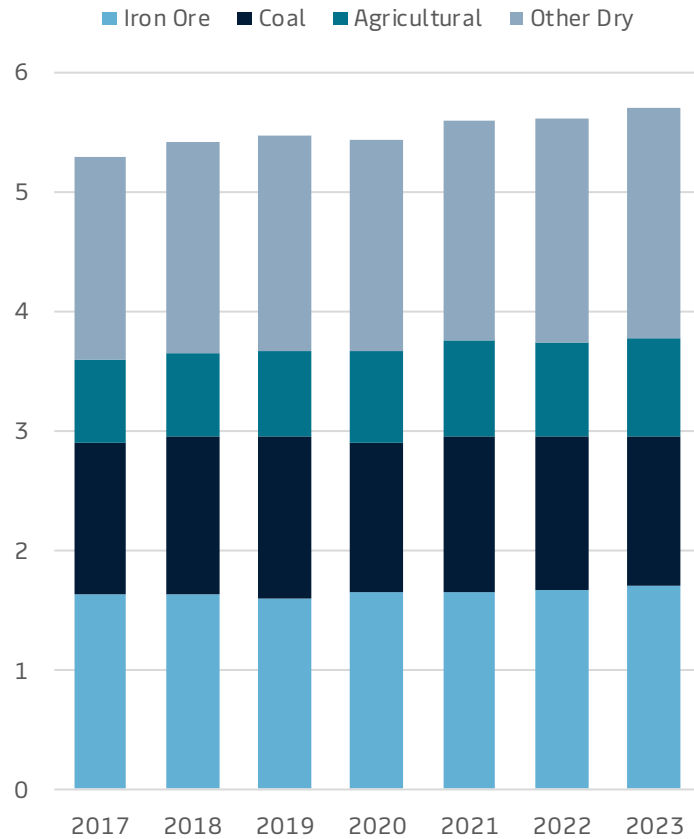


Source: Montel

Dry Bulk Demand Factors

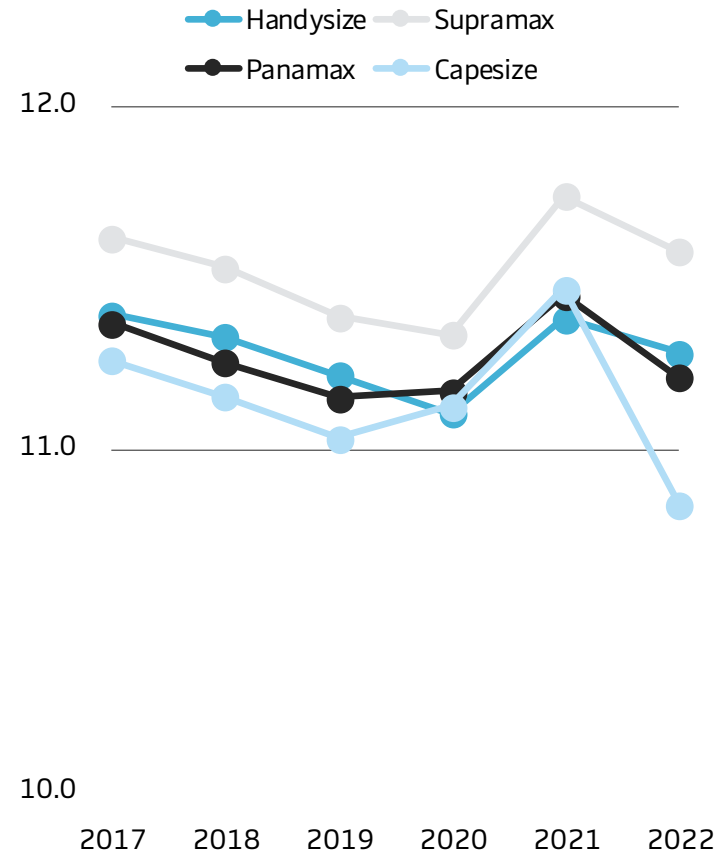
Demand growth is slowing down

Global dry bulk demand
Bn tonnes



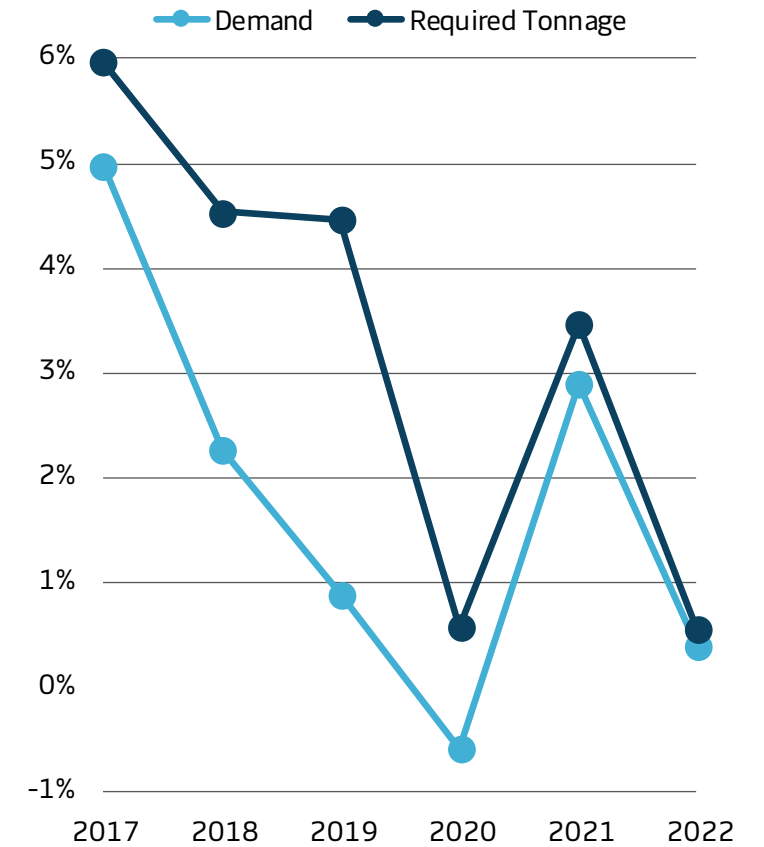
Source: USDA, Maersk Broker Insights

Vessel speed
Knots



Source: USDA, Maersk Broker Insights

Tonne-mile factor
Change y/y



Source: USDA, Maersk Broker Insights

Supply Outlook



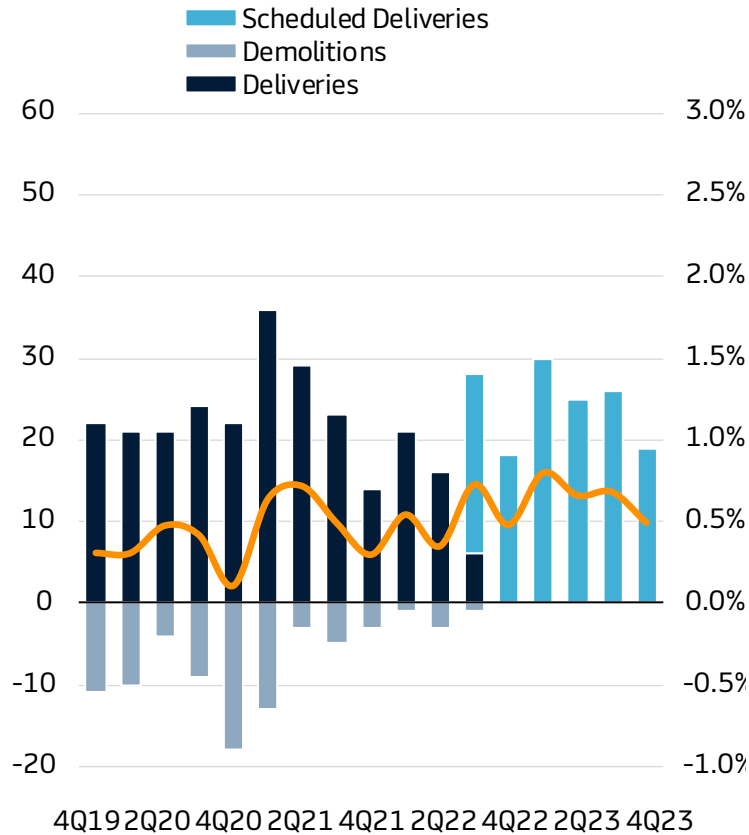
Fleet Development: Geared Vessels

Close to no demolition activity ytd; Supramax are facing significant deliveries this year

Handysize fleet growth (10 – 40 k dwt)

Number of vessels

Change Q/Q

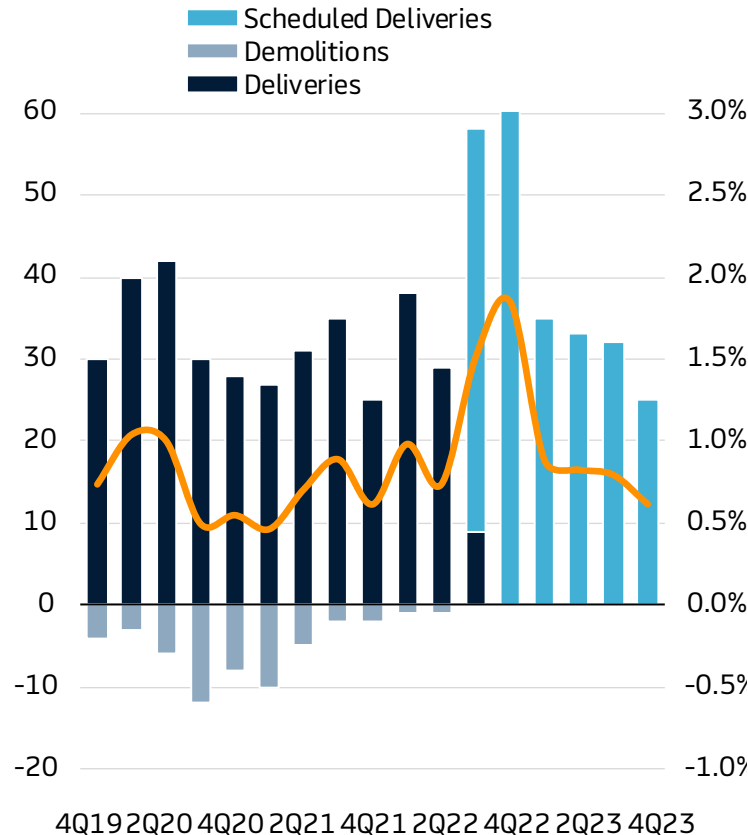


Source: MaerskBroker Insights, IHS

Supramax fleet growth (40 – 67 k dwt)

Number of vessels

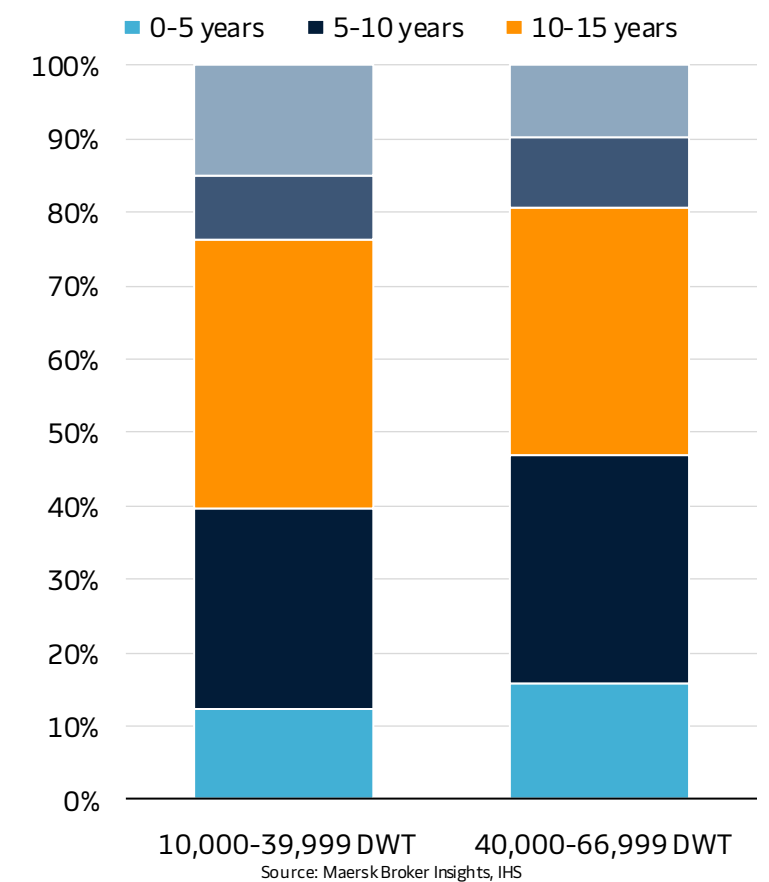
Change Q/Q



Source: MaerskBroker Insights, IHS

Current fleet by size

Percentage of the fleet

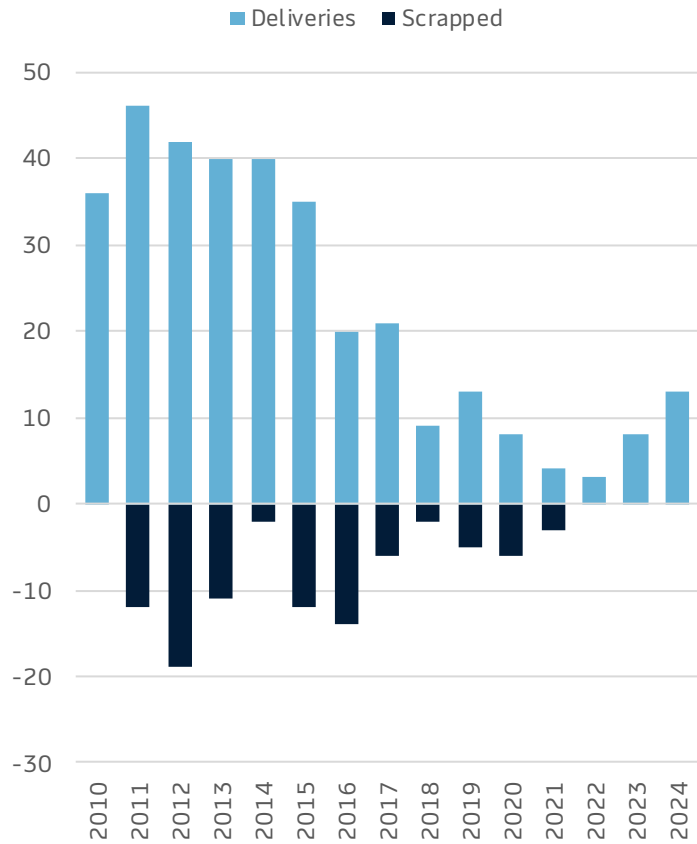


Source: MaerskBroker Insights, IHS

Open Hatch Fleet Development

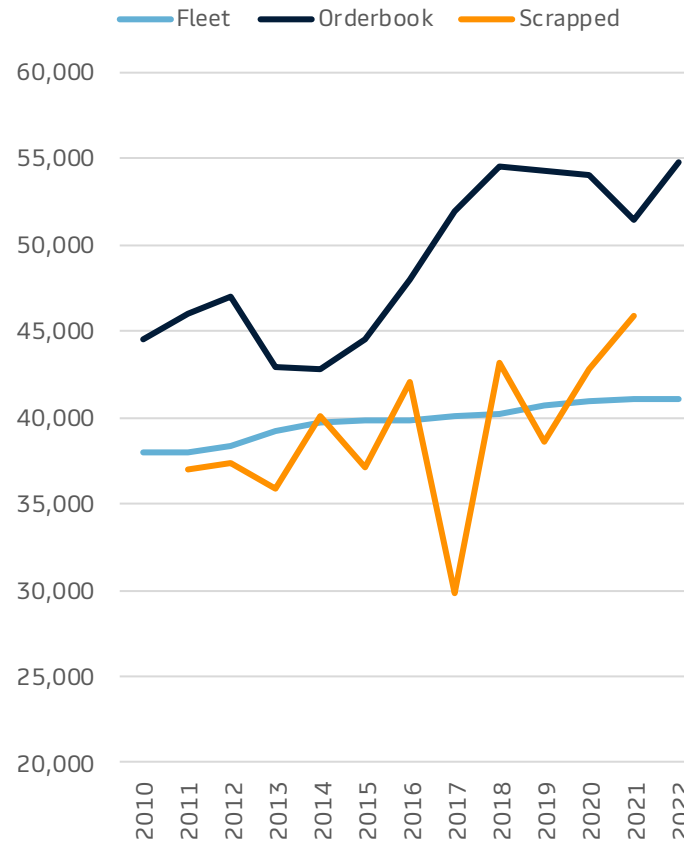
Open Hatch fleet has been quite stable in recent years, but could start growing again soon

Deliveries Vs Scapping
Number of vessels



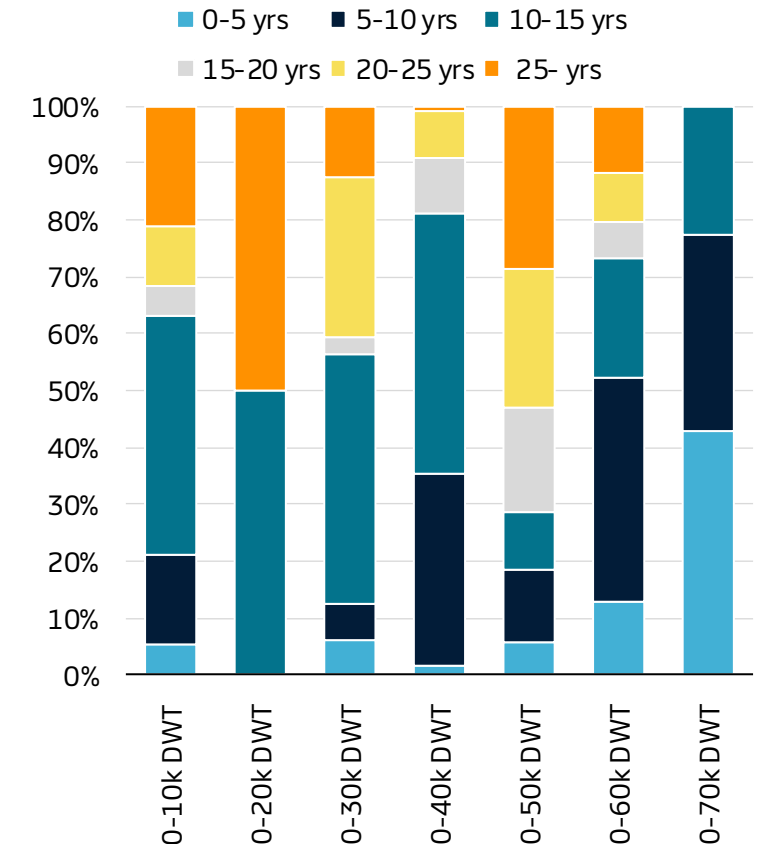
Sources: IHS, Maersk Broker

Average vessel sizes
DWT



Sources: IHS, Maersk Broker

Fleet age
%



Sources: IHS, Maersk Broker

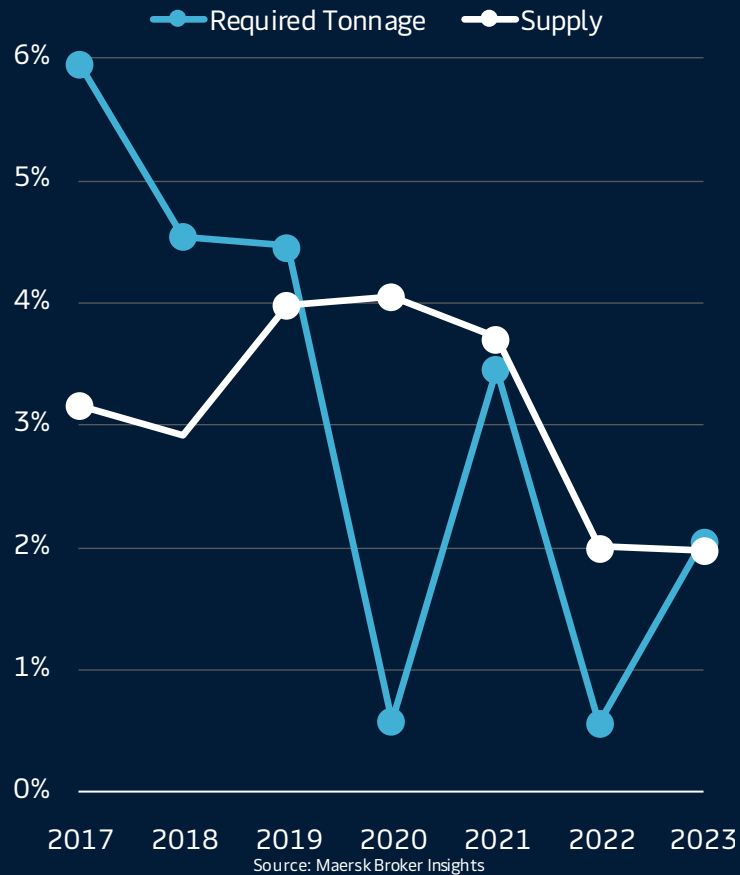
Freight Rates Dynamics



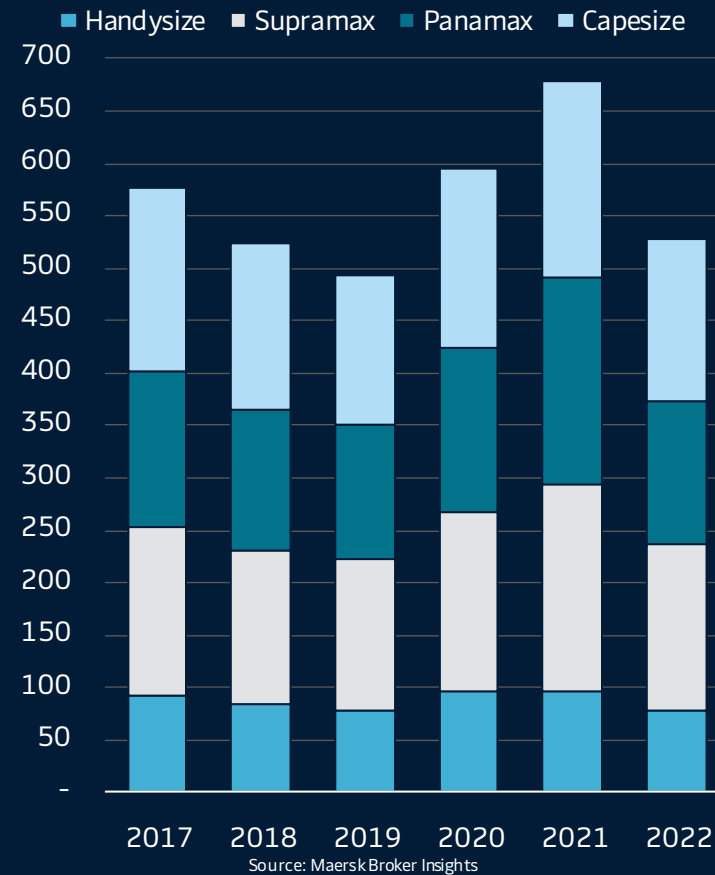
Dry Bulk Outlook

Congestion is directing market in a tightly balanced supply/demand environment

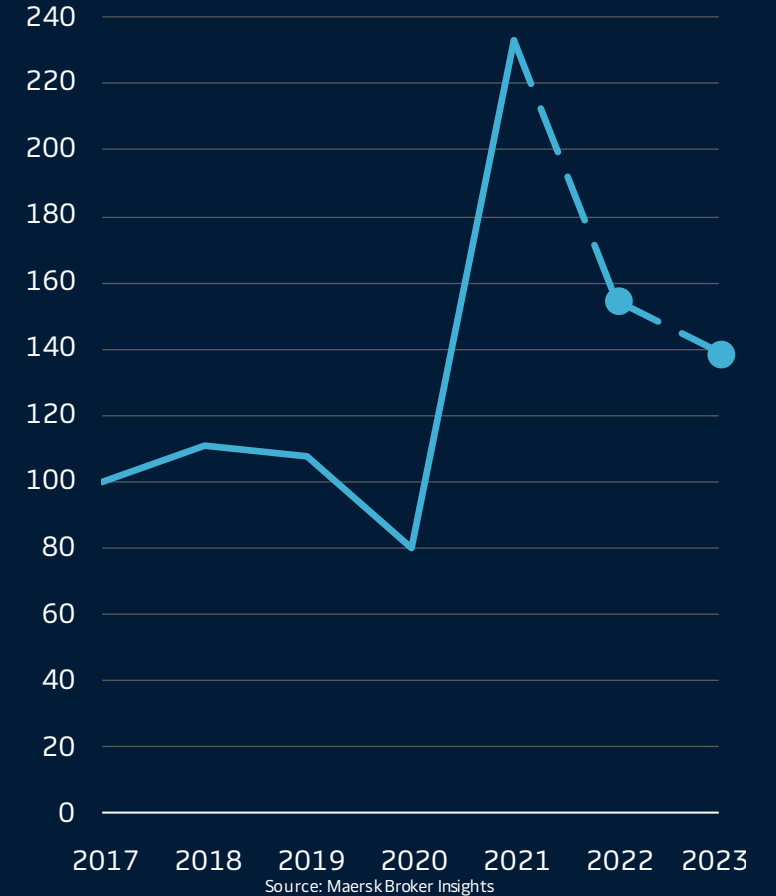
Supply and demand change
Change Y/Y



Congestion
Waiting days



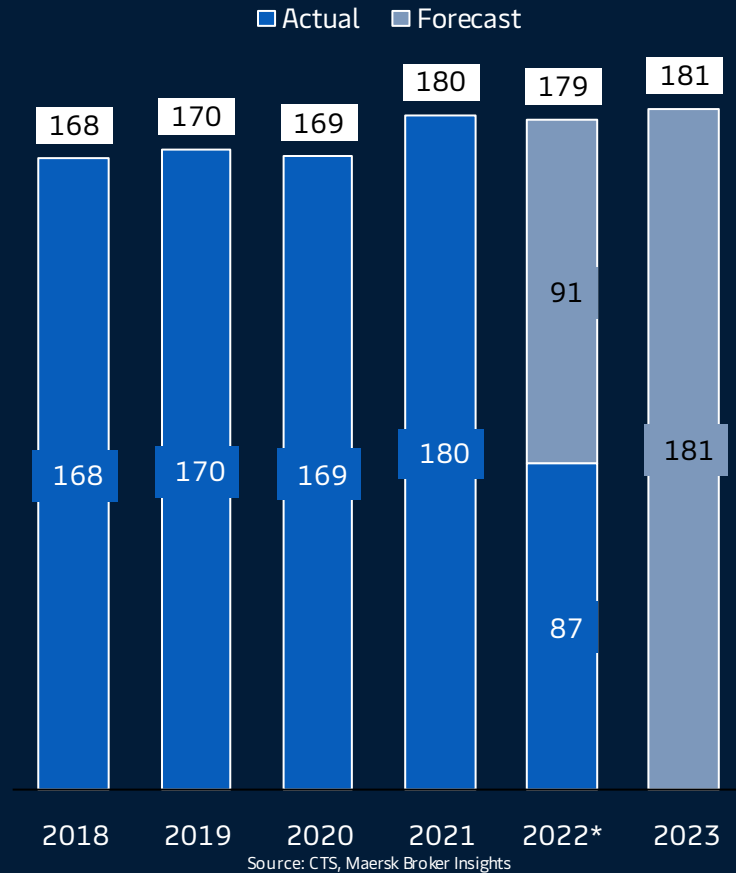
Balance
Index (2017 = 100)



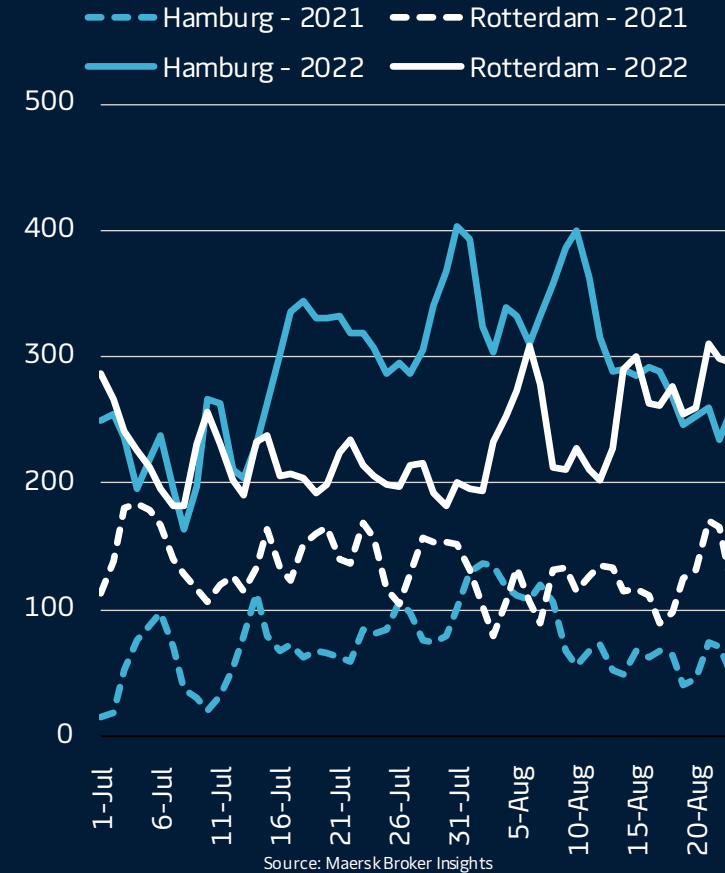
Container Outlook

The downward adjusted economic outlook is impacting our forecast for 2022 and 2023

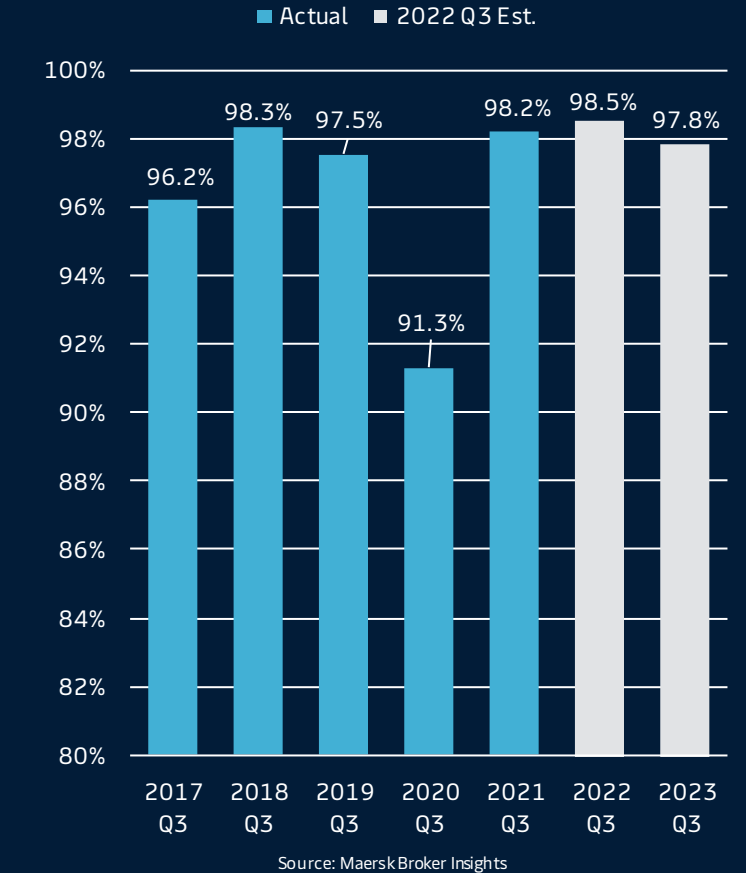
Container volume TEU Mn



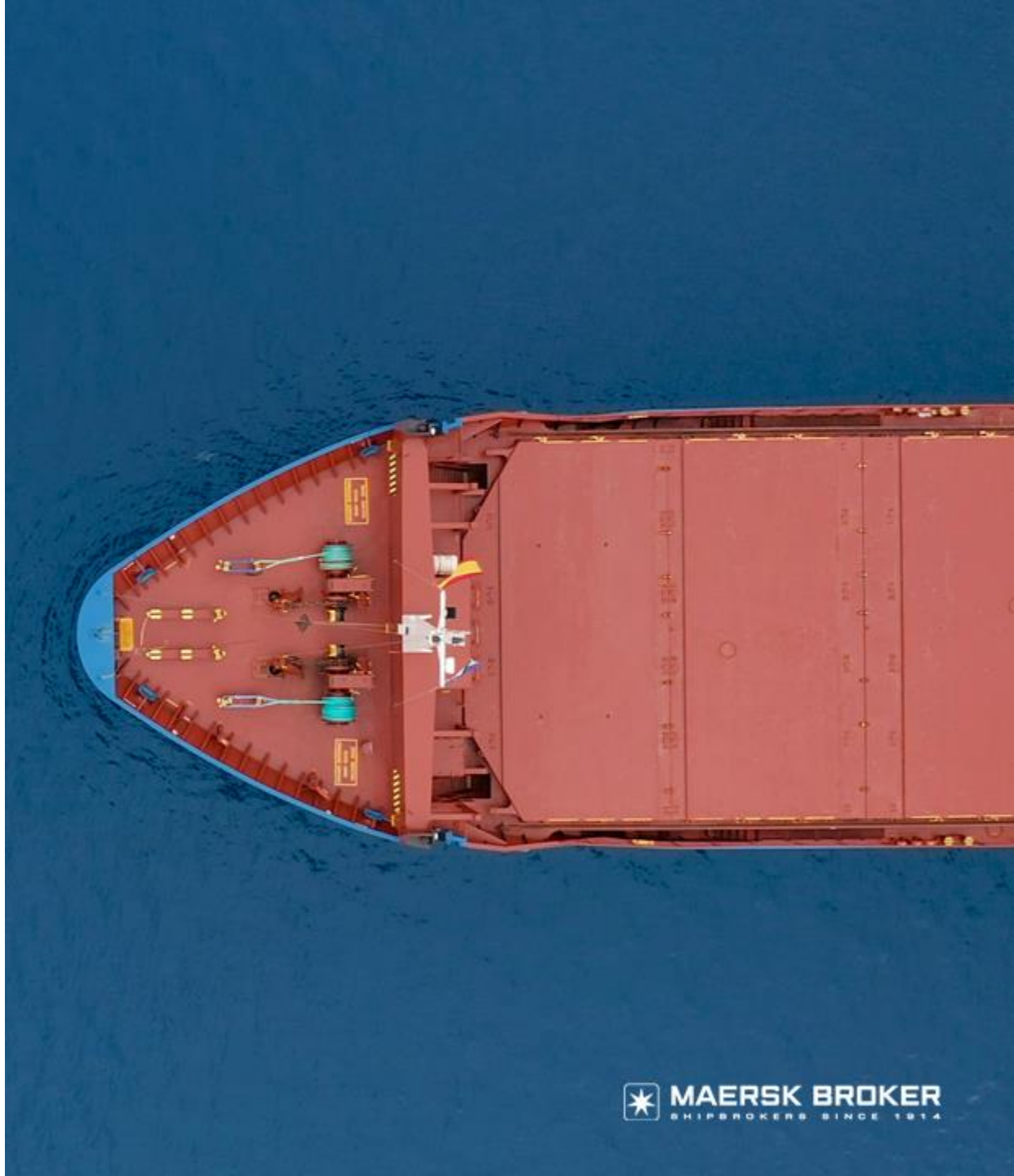
Congestion at major ports in Europe TEU K (in port area for 2 or more days), 2-day MA



Fleet utilisation % deployed, beginning each quarter

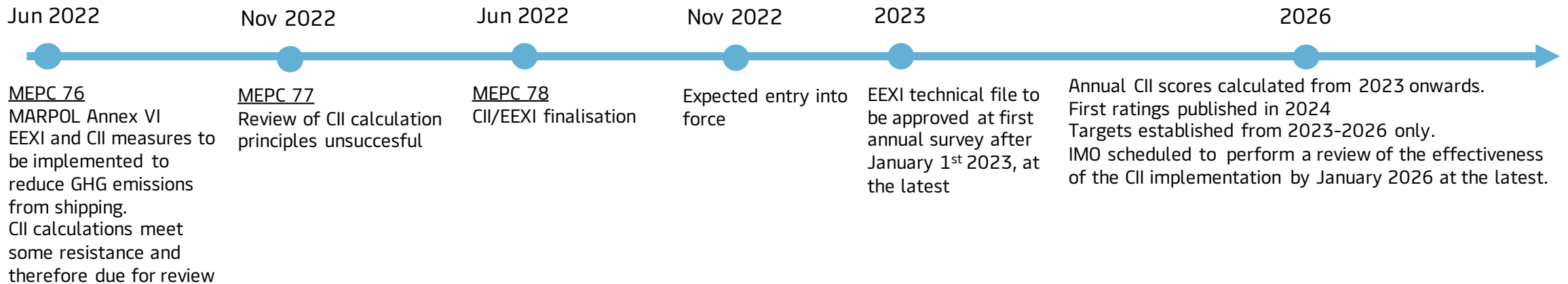


Four Themes To Keep An Eye Out For



Regulation

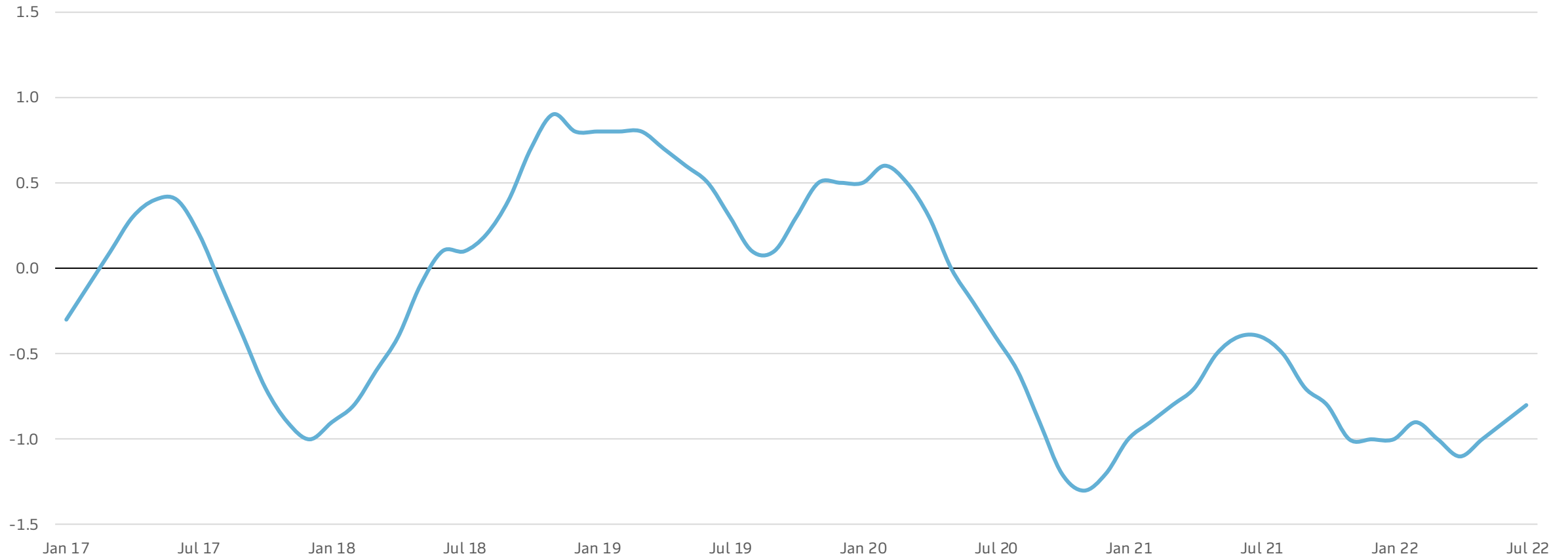
MARPOL Annex VI has 100 contracting states representing 97% of the world merchant fleet by tonnage



Weather

Between El Nino/La Nina and global warming, effects are going to be far reaching

Oceanic Nino Index Centigrade difference



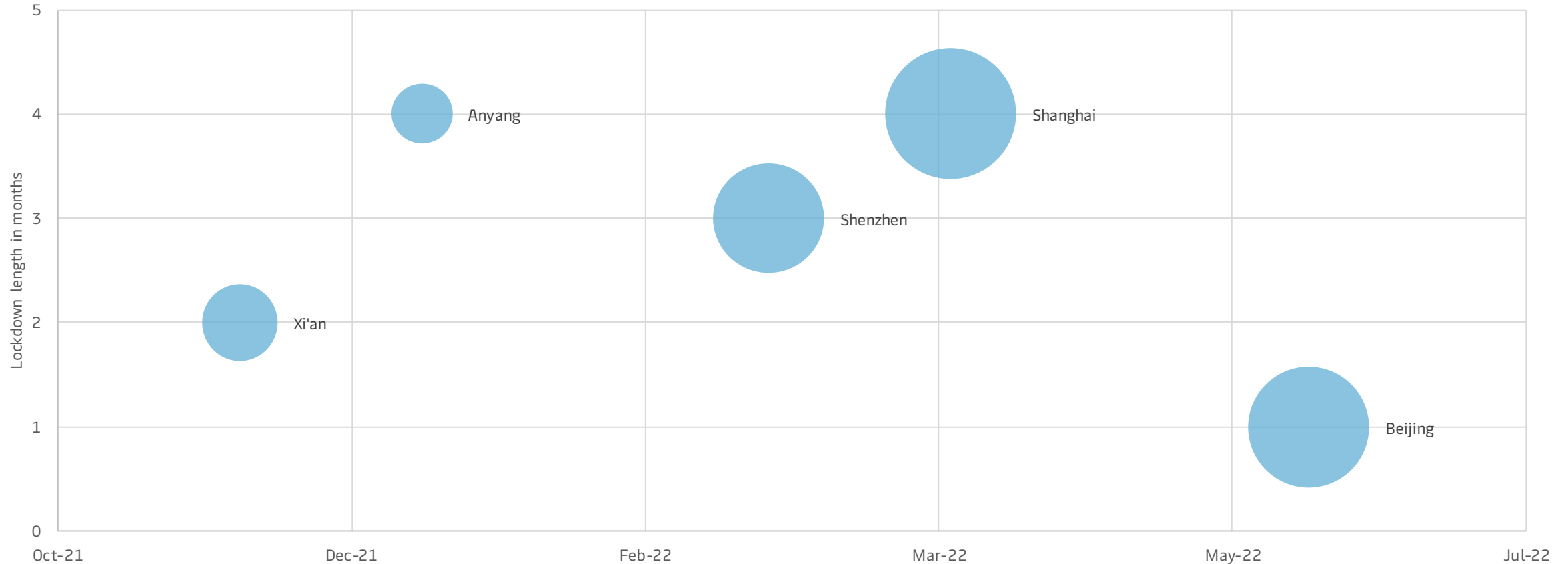
Source: NOAA

Covid in China

Zero-Covid policy and absence of efficient vaccine is snuffing the impact of any stimulus

Covid lockdowns in Chinese cities

Lockdown and area population

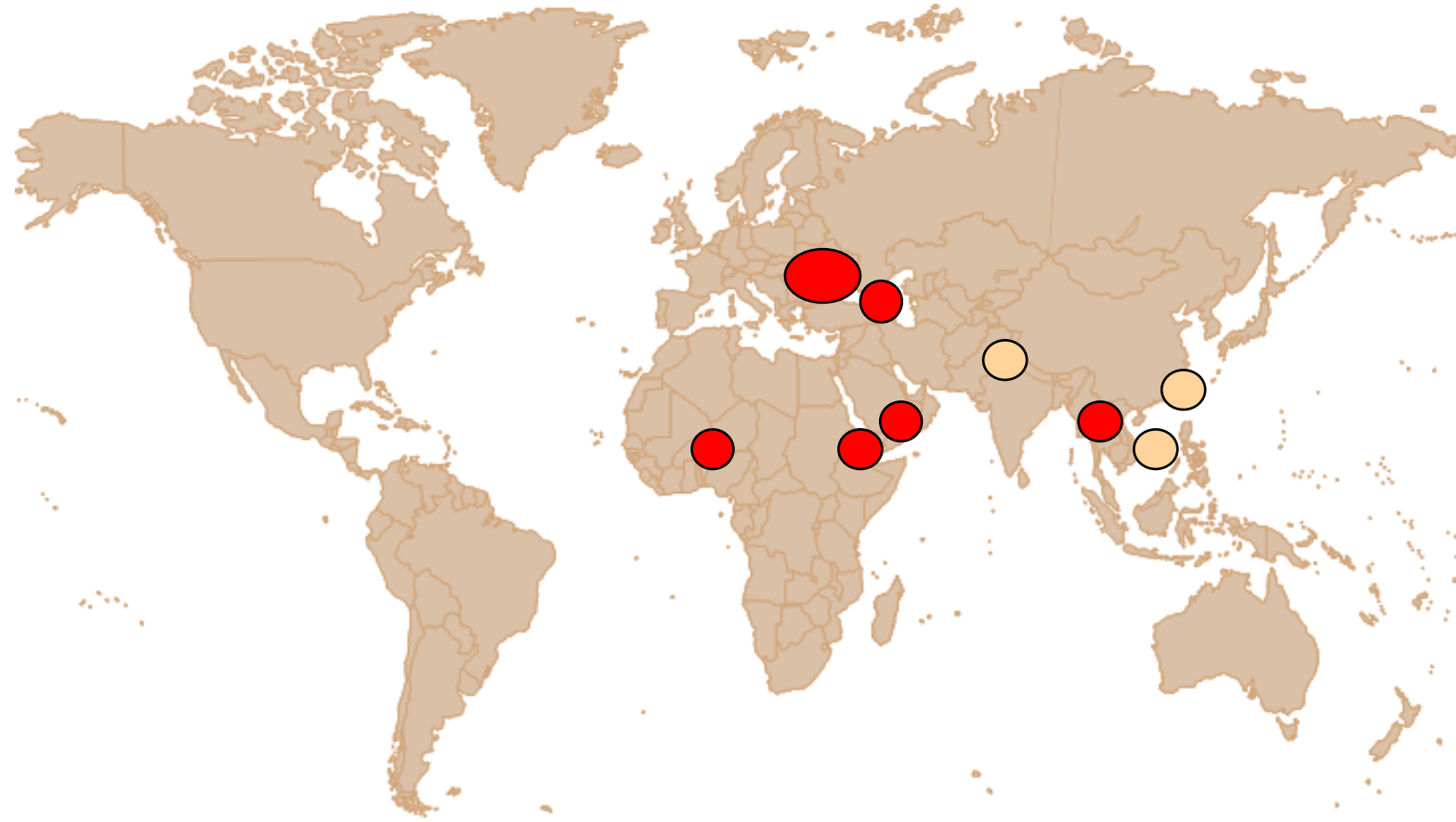


Sources: WorldBank Maersk Broker

War risk

There are an increasing number of flashpoints with relevance for shipping

Hot and warm flashpoints in the world



THANK YOU

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