Key trends in shipping markets

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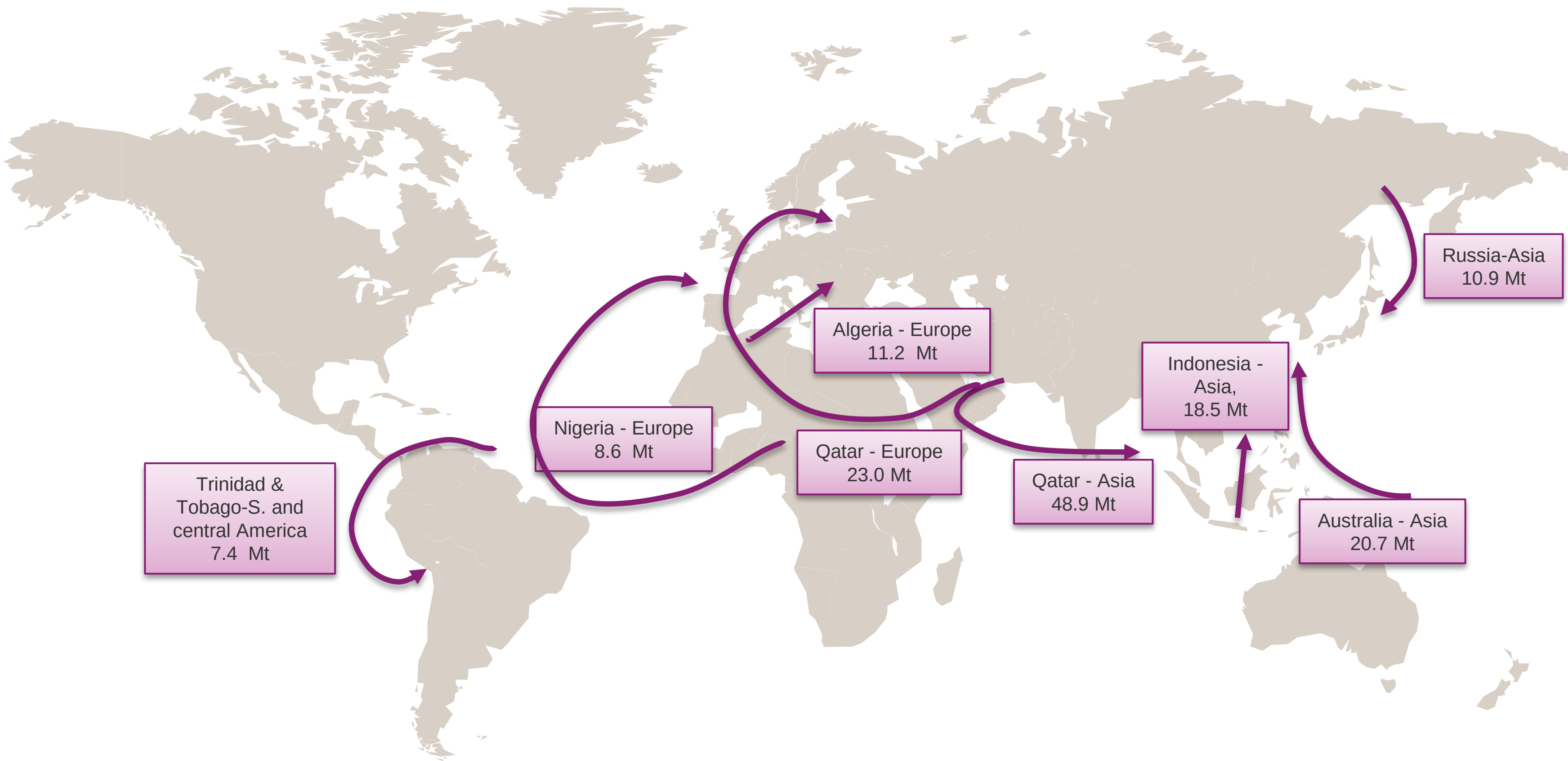
- Trade patterns
  - How US shale is transforming oil and gas markets
  - Iron ore shifts East
  - Brakes on for Thermal Coal

- Service patterns
  - Alliances, ULCVs and liner network development

US transforms gas and oil markets

Overview of global LNG trade (2012)

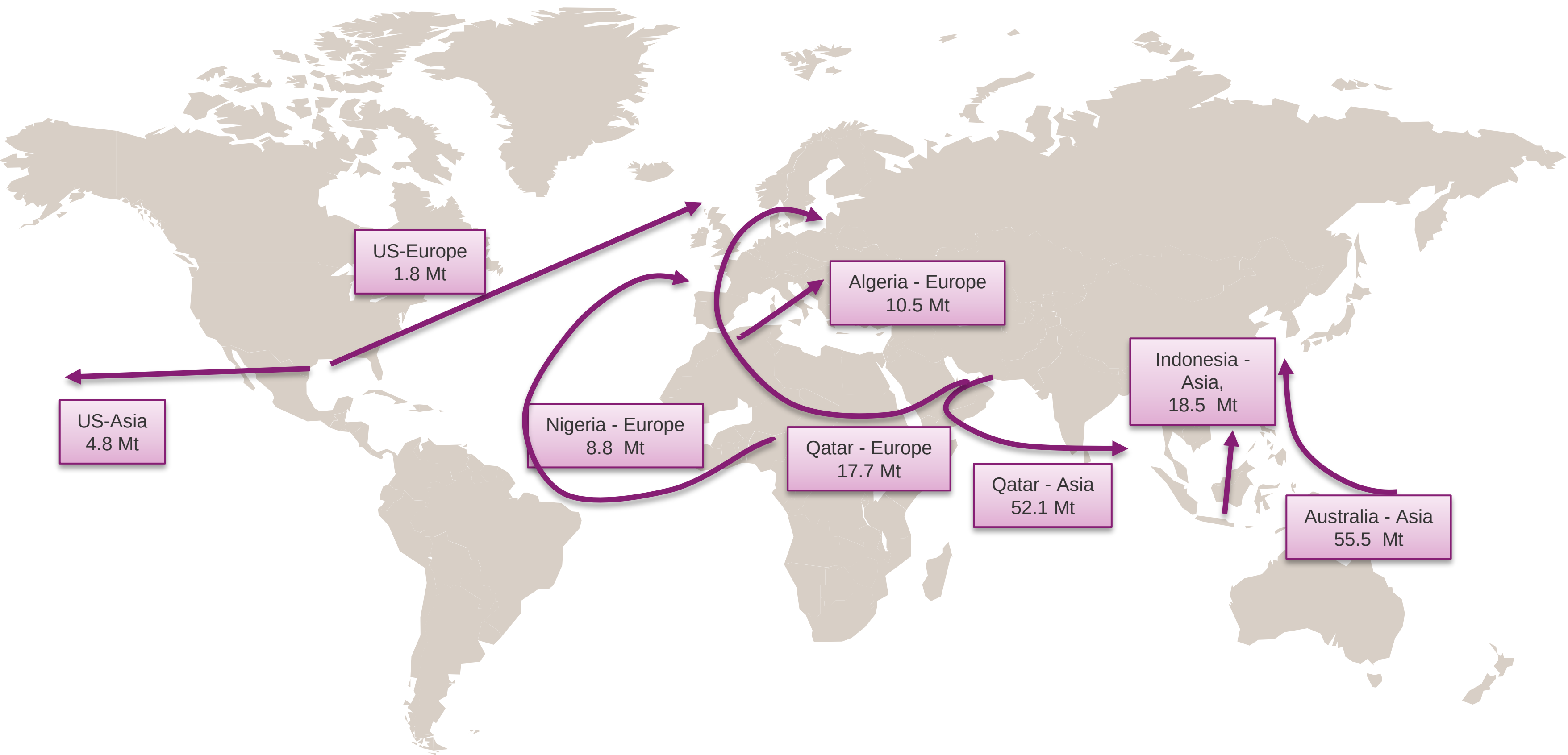
Qatar was the biggest LNG exporter, export volume stood at 78.0 million tonnes, 32% of total LNG trade. LNG trade also gained momentum on the Russia to Asia trade lane



Source: Drewry Research Database, BP Statistics

Overview of global LNG trade (2017)

Qatar remains the biggest LNG exporter , challenged by Australia. US emerging strongly and is expected to be the third biggest exporter of LNG



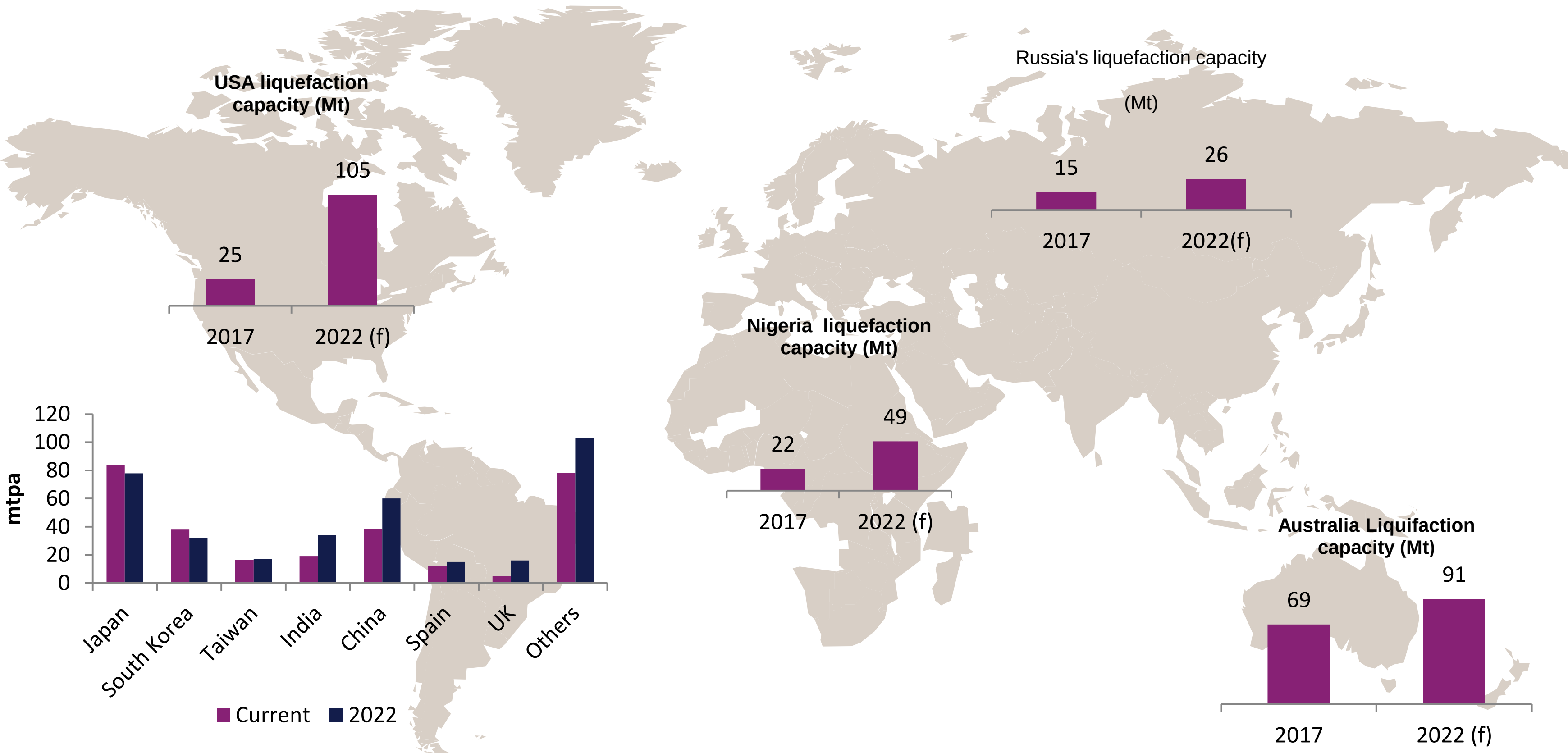
Source: Drewry Research Database, GIGNL report

US is expected to have total capacity of 105mtpa by 2022

Source: Drewry research database

Overview of global LNG trade (2022)

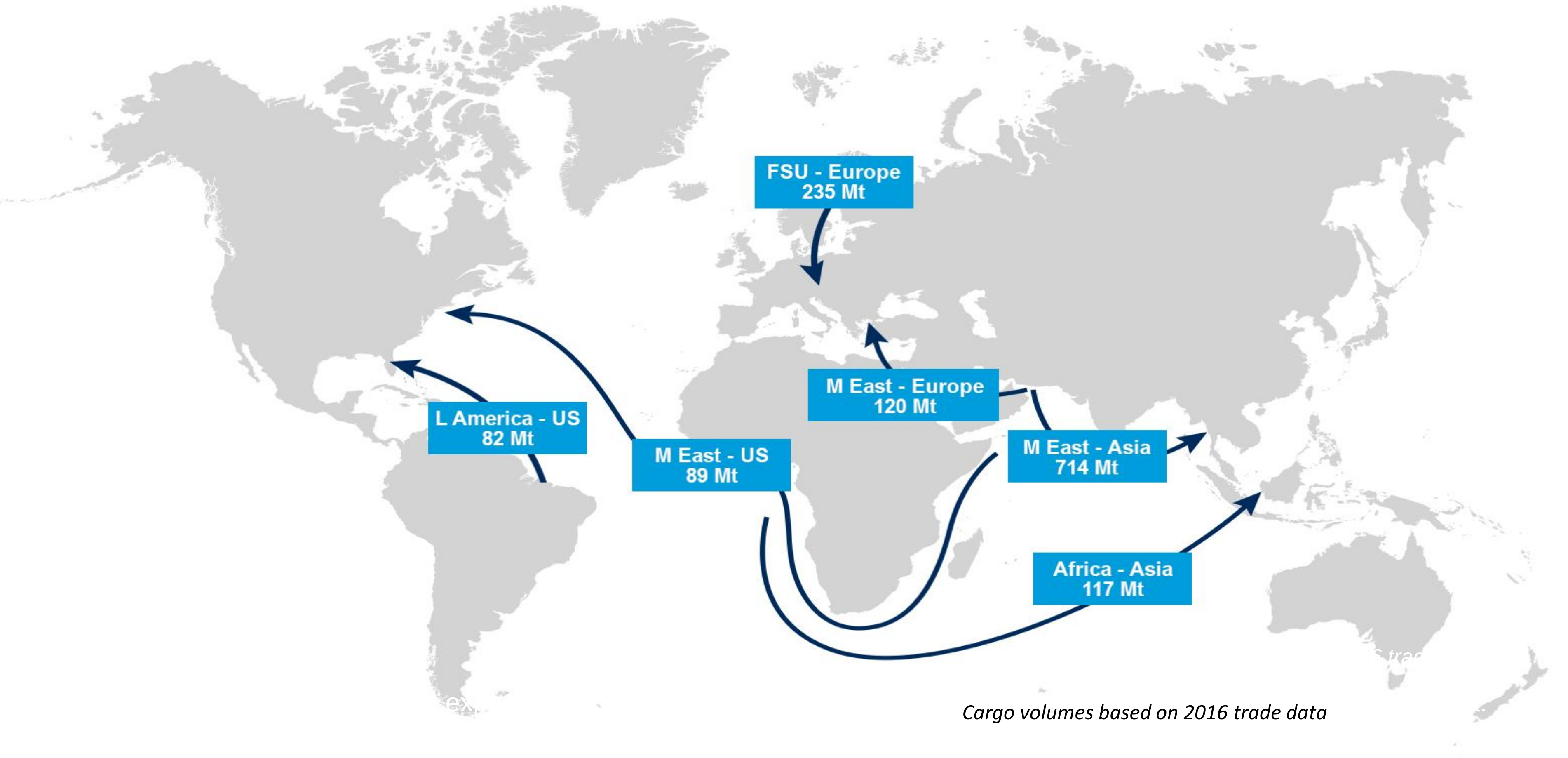
The US is expected to become the largest LNG exporter, followed by Australia. Meanwhile, China will rise as a major LNG importer in the Asian market importing about 60 million tonnes of gas



Source: Drewry Research Database

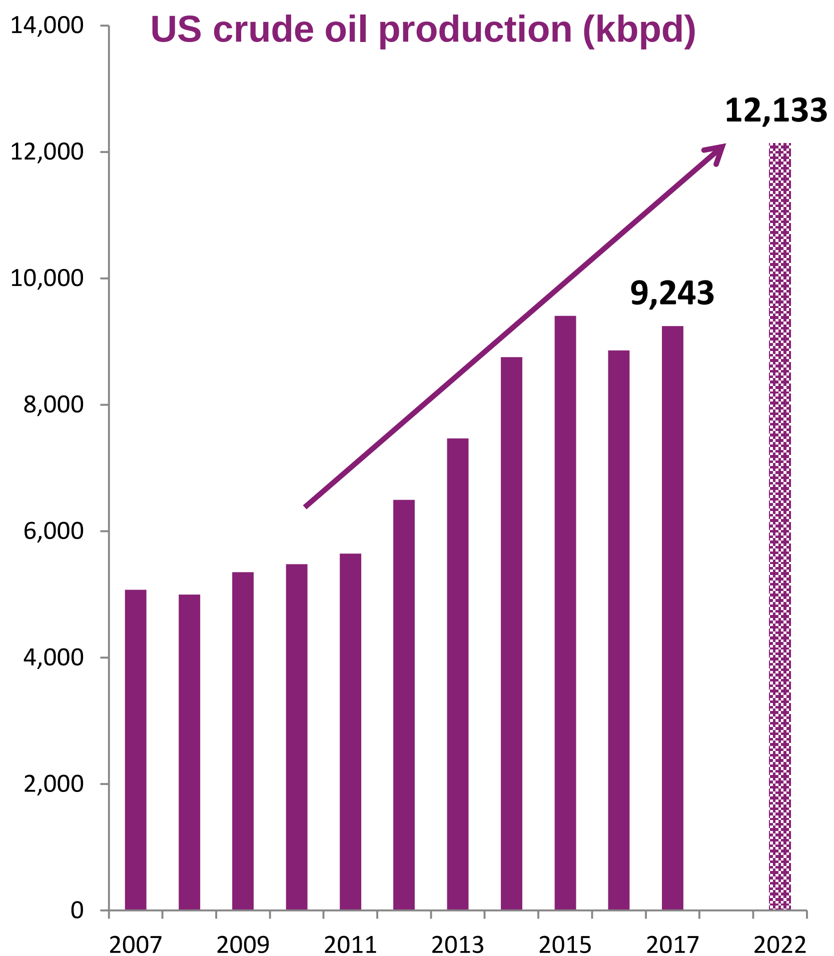
Overview of Global Trade – Crude Oil

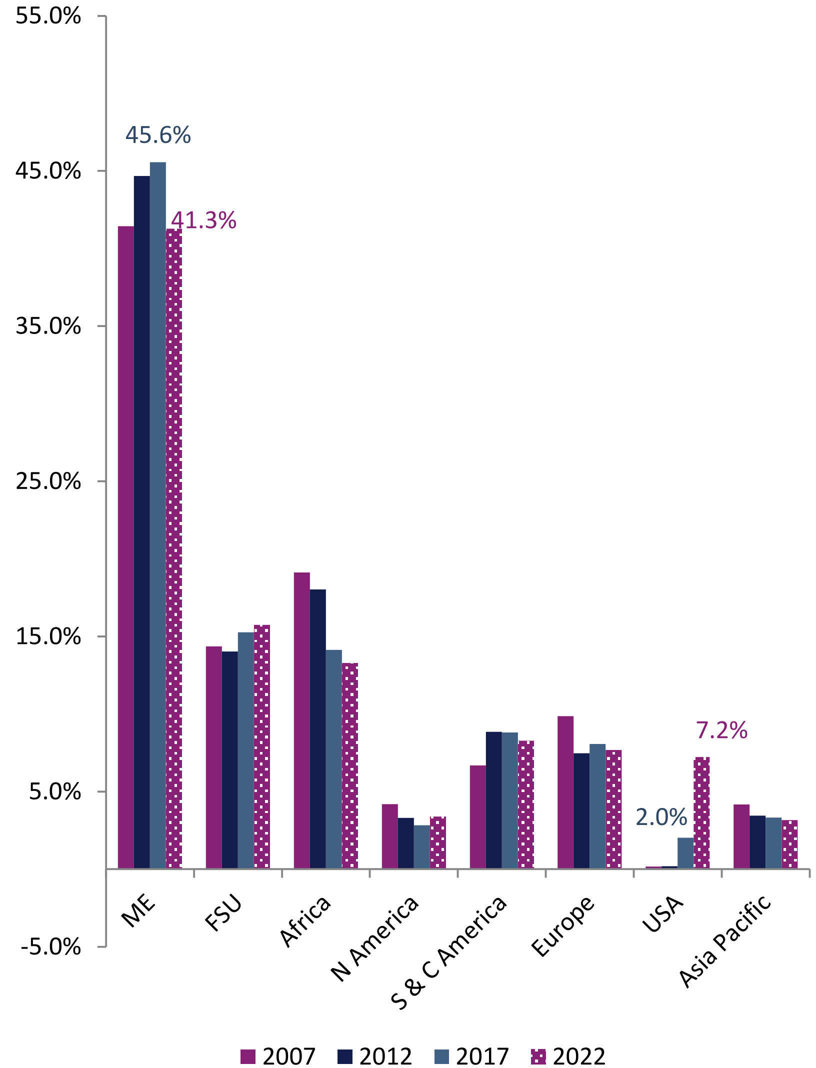
The Middle East has been largest exporter of crude.



Cargo volumes based on 2016 trade data

US crude production taking off





Crude oil trade on major routes

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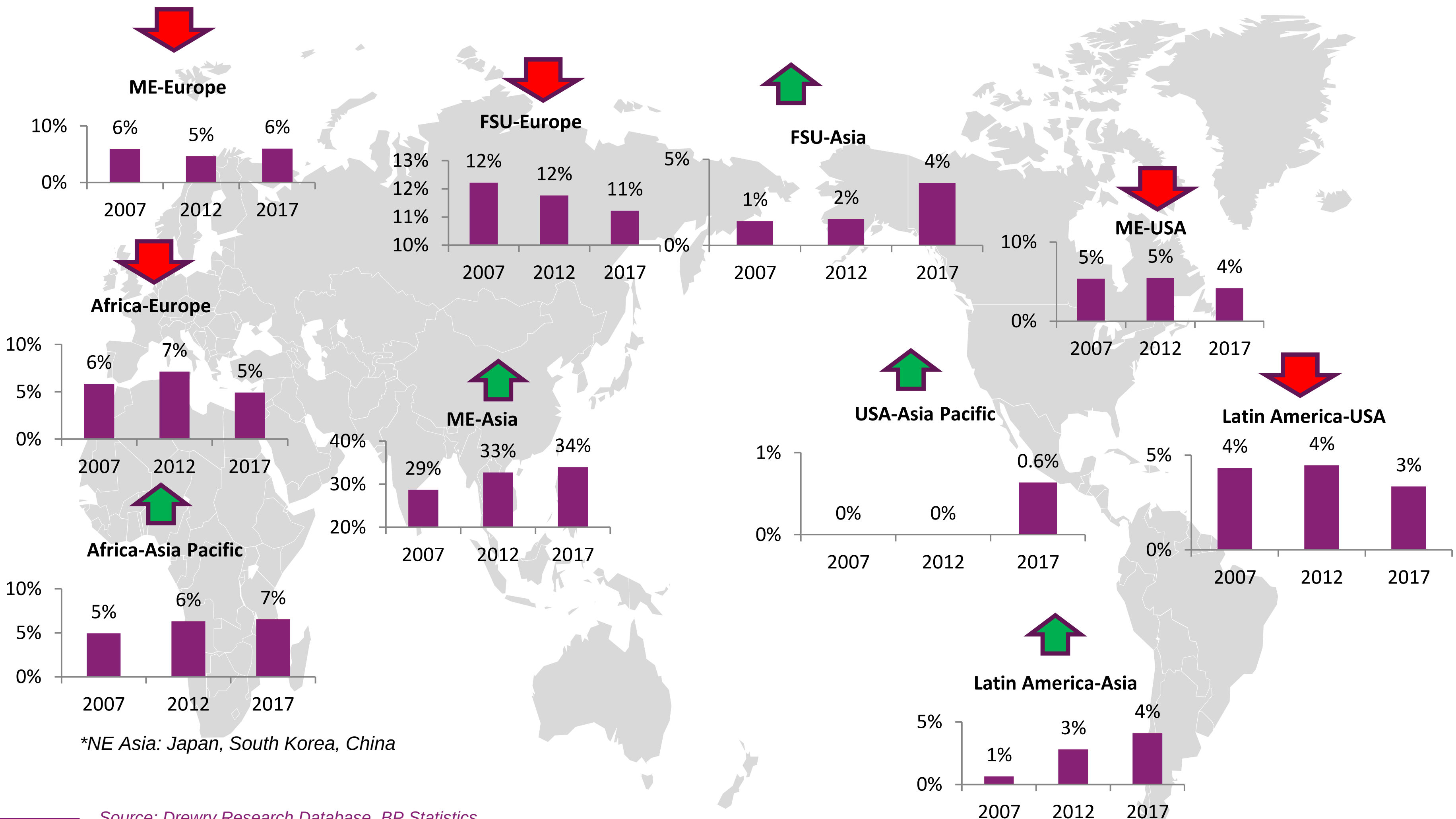


*NE Asia: Japan, South Korea, China

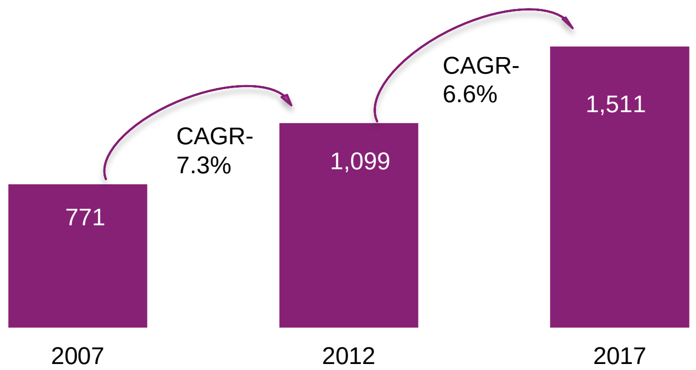
Source: Drewry Research Database, BP Statistics

Iron ore shifts East

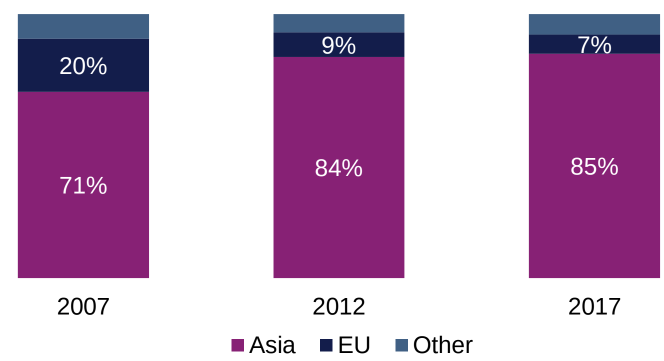
Iron ore trade overview

Demand is growing fast and shifting East

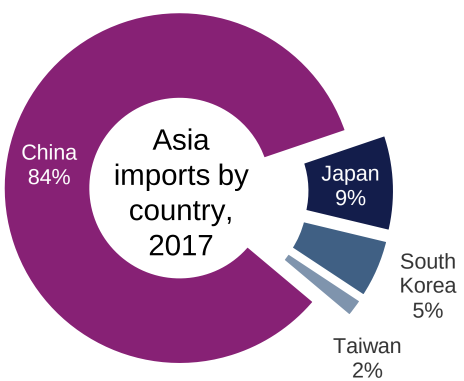
Global iron ore trade (Million Tonnes)



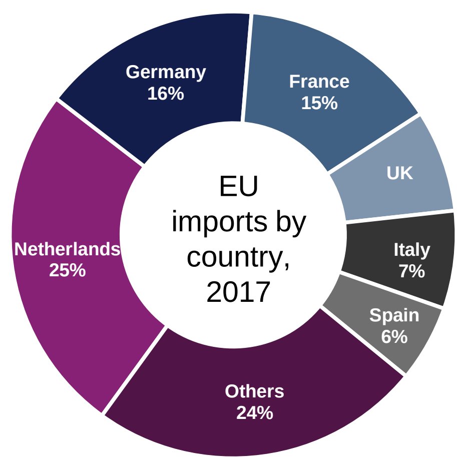
Global iron ore imports (% share)



China accounted more than four-fifths of Asian imports in 2017



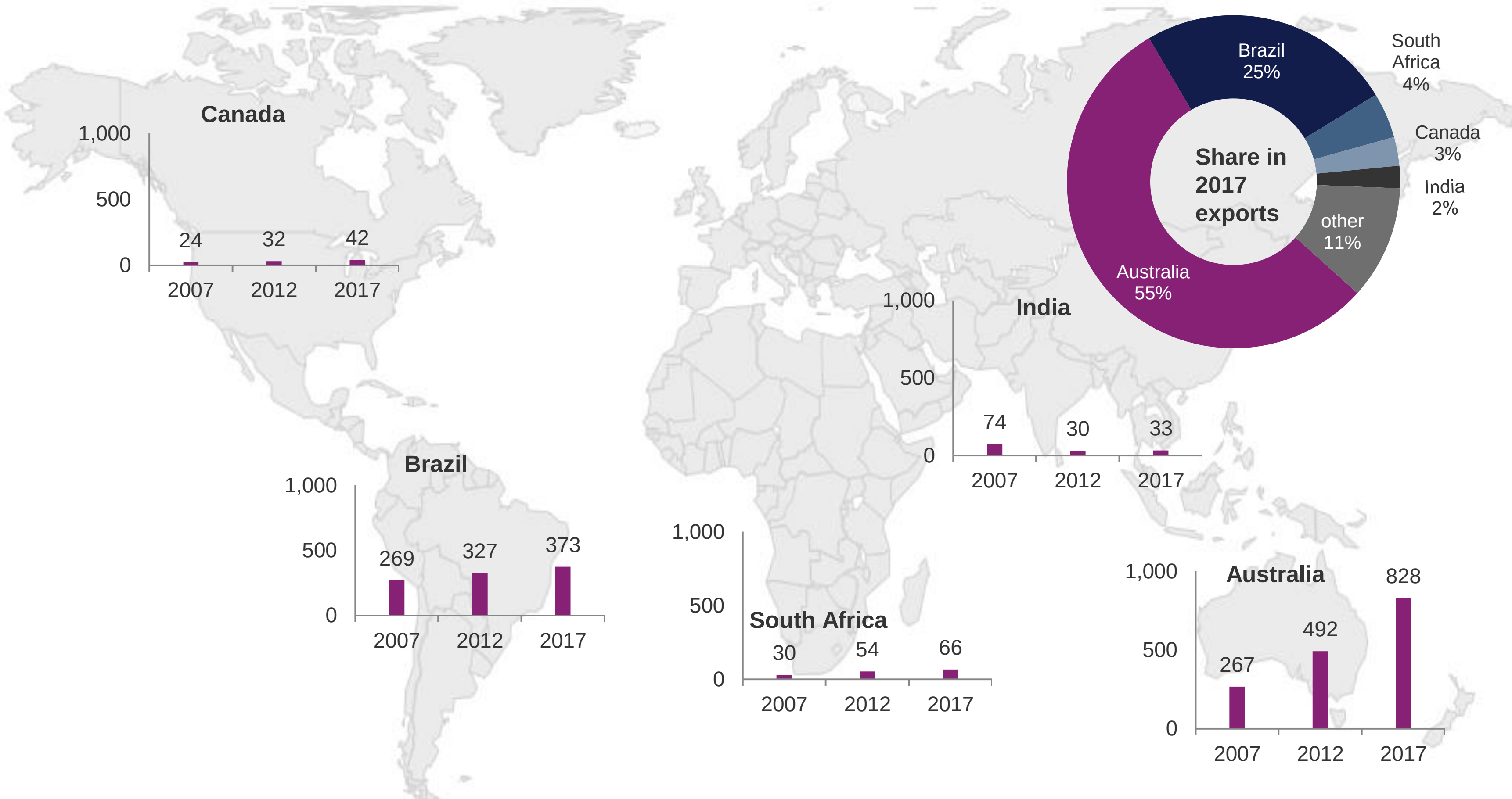
Europe imports widespread



Source: GTIS, Drewry

Iron ore exports (million tonnes)

Australia and Brazil are the top iron ore exporters and contribute 80% of global trade. Very rapid growth.



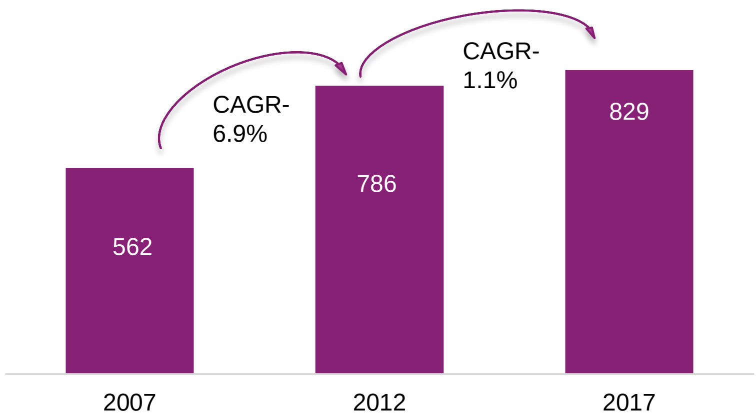
Source: GTIS, Drewry

Brakes on for Thermal Coal

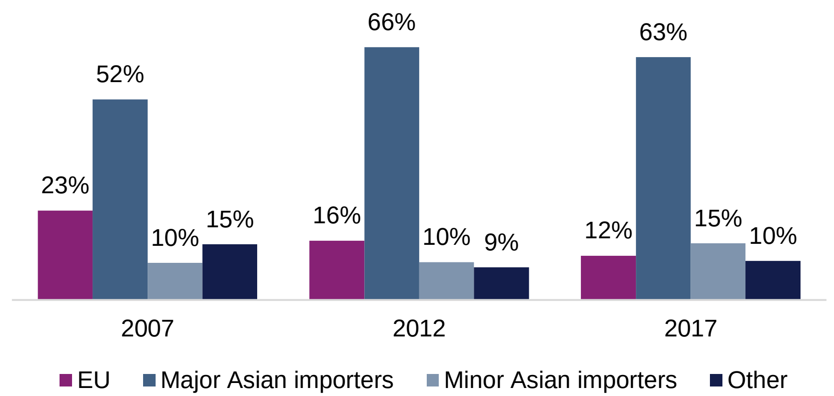
Thermal coal trade overview

Sharp slowdown in coal volume growth

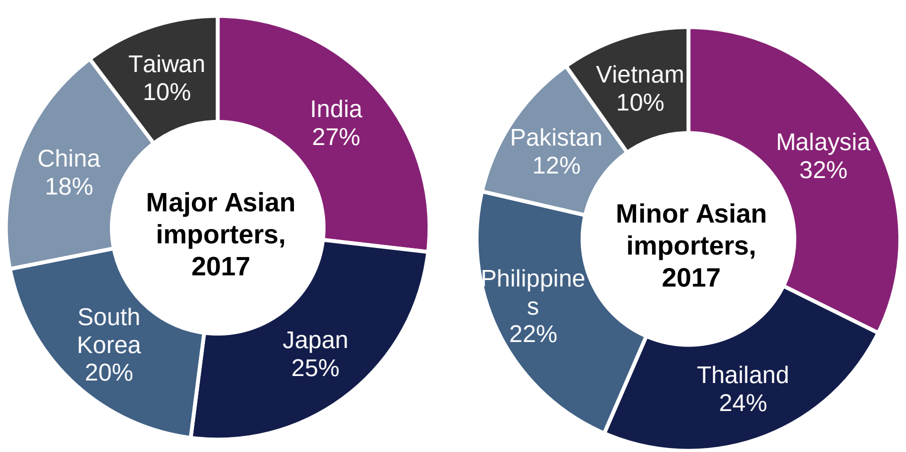
Global coal trade (million tonnes)



Global coal imports (% share)



Asia coal imports, 2017 (% share)



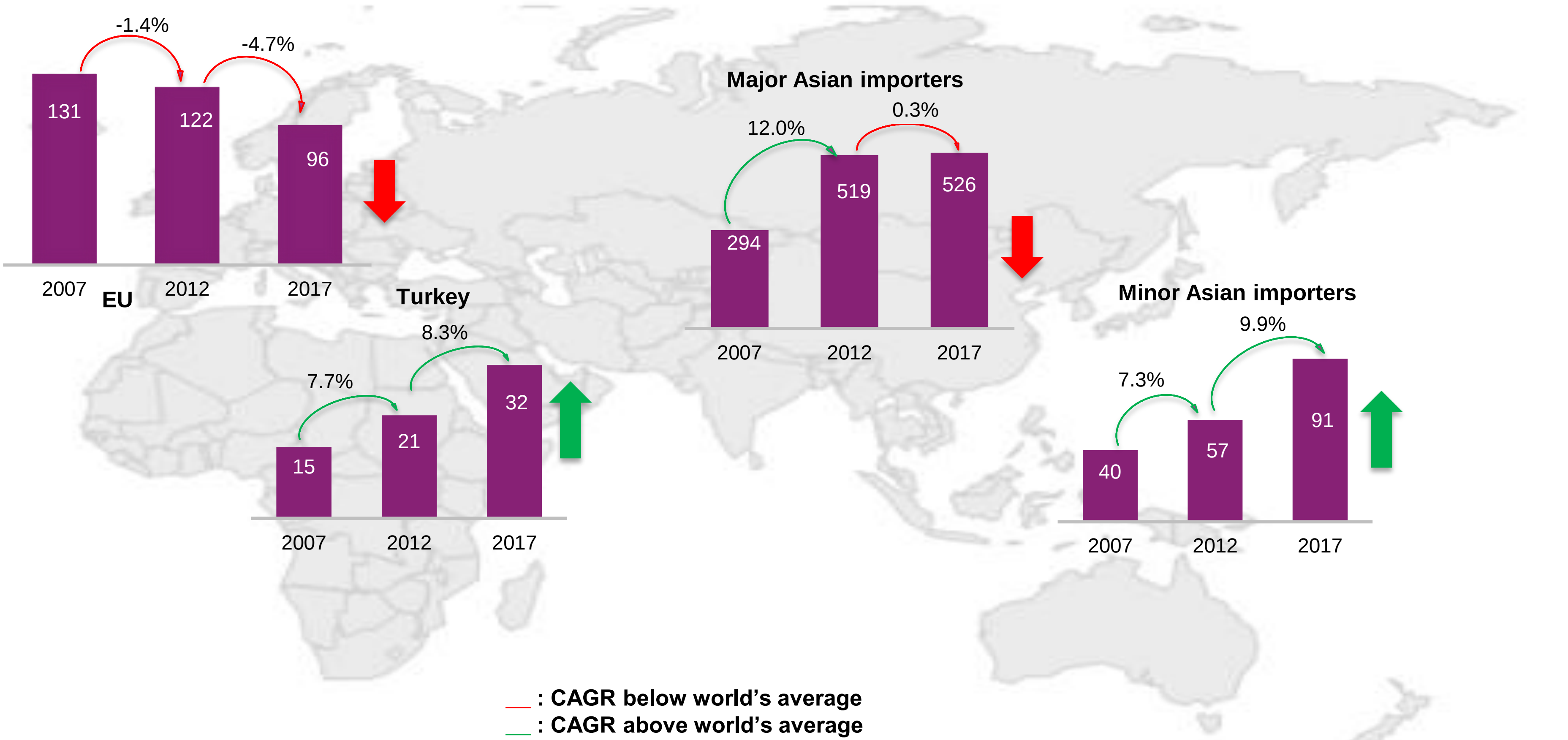
Share of the EU in coal imports is declining steeply. During 2007-12 the share was taken by the rising imports of major Asian importers, However, 2012 onwards minor Asian importers and Turkey is taking up the share

Source: GTIS, Drewry

Thermal coal imports (million tonnes)

Major importers decline or slow; minor players grow

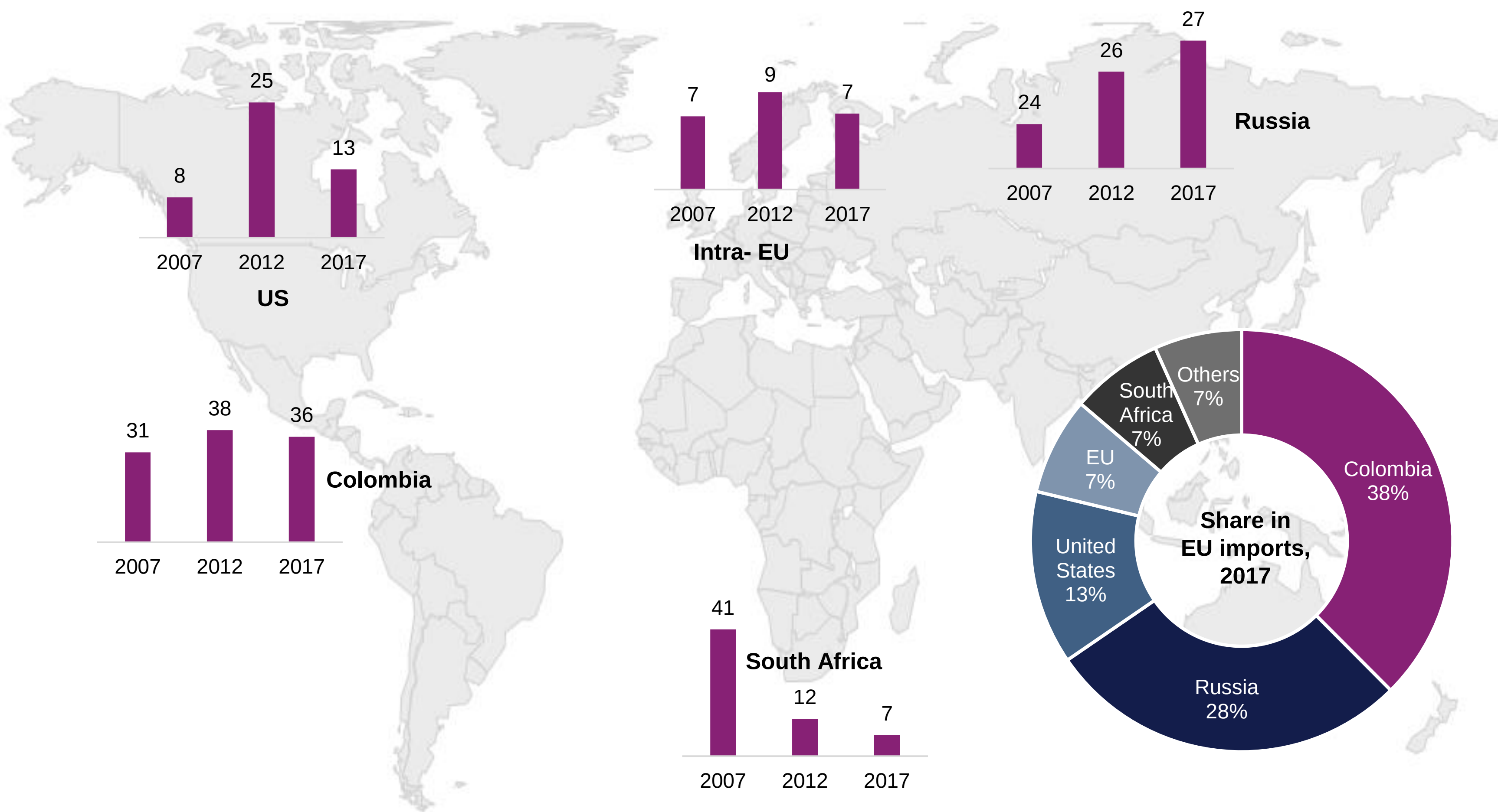
Coal imports (million tonnes), CAGR (in %)



Source: GTIS, Drewry

EU thermal coal imports sources

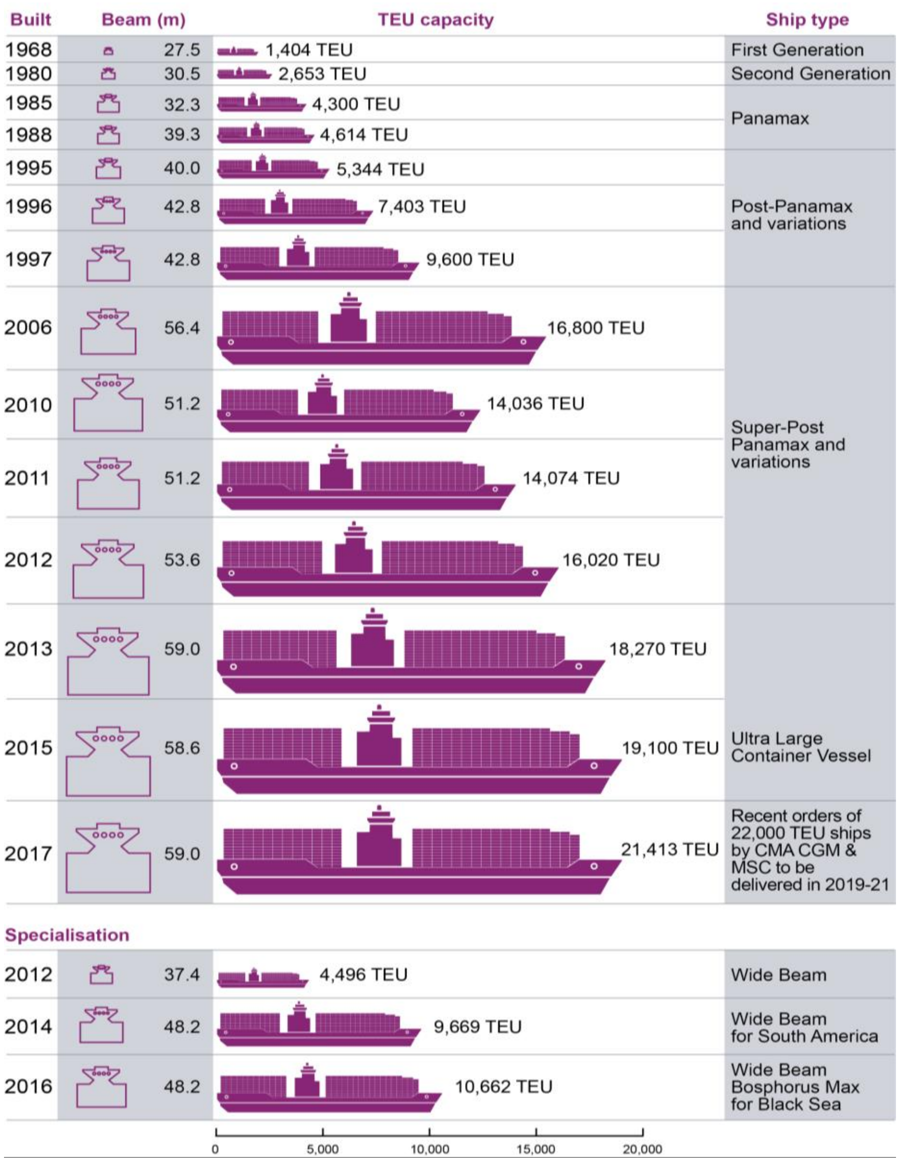
Colombia and Russia are the EU's major sources of coal



Source: GTIS, Drewry

Alliances, ULCVs and liner networks

Containership sizes double on most trades



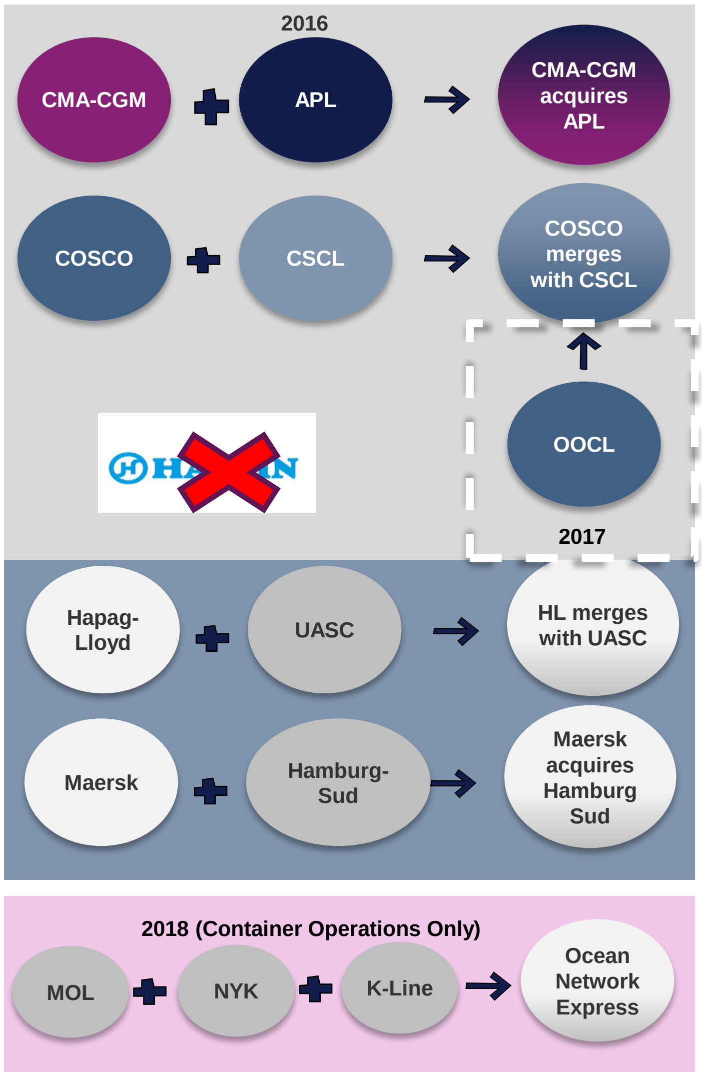
Source : Drewry Maritime Research

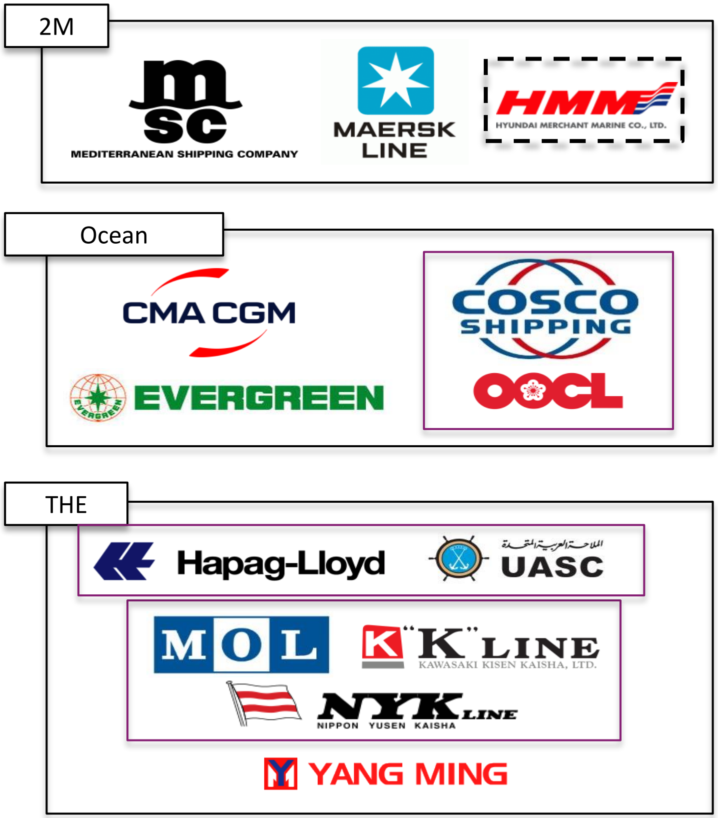
Evolution of average ship sizes on major trade routes

Trade Route (TEU)	1Q09	1Q12	1Q15	1Q18
Far East/N Europe	7,779	9,552	12,235	15,291
Far East/Mediterranean (direct)	5,488	6,848	8,625	10,998
Transpacific headhaul	5,079	5,869	6,740	7,828
Transatlantic headhaul	3,609	3,872	4,458	4,703
ECSA/Far East	5,074	3,240	8,314	9,236
WCSA/F East	5,100	2,681	7,207	7,751
Eur/S Africa	3,301	3,116	7,657	8,096
Far East/S Africa (direct)	5,255	3,651	7,061	5,068
Eur/W Africa (direct)	1,965	1,636	2,578	2,965
Far East/W Africa (Direct)	2,755	2,220	4,846	5,490
Asia/Mid-East and South Asia (direct)	2,926	3,692	5,594	5,409

Consolidation and alliances

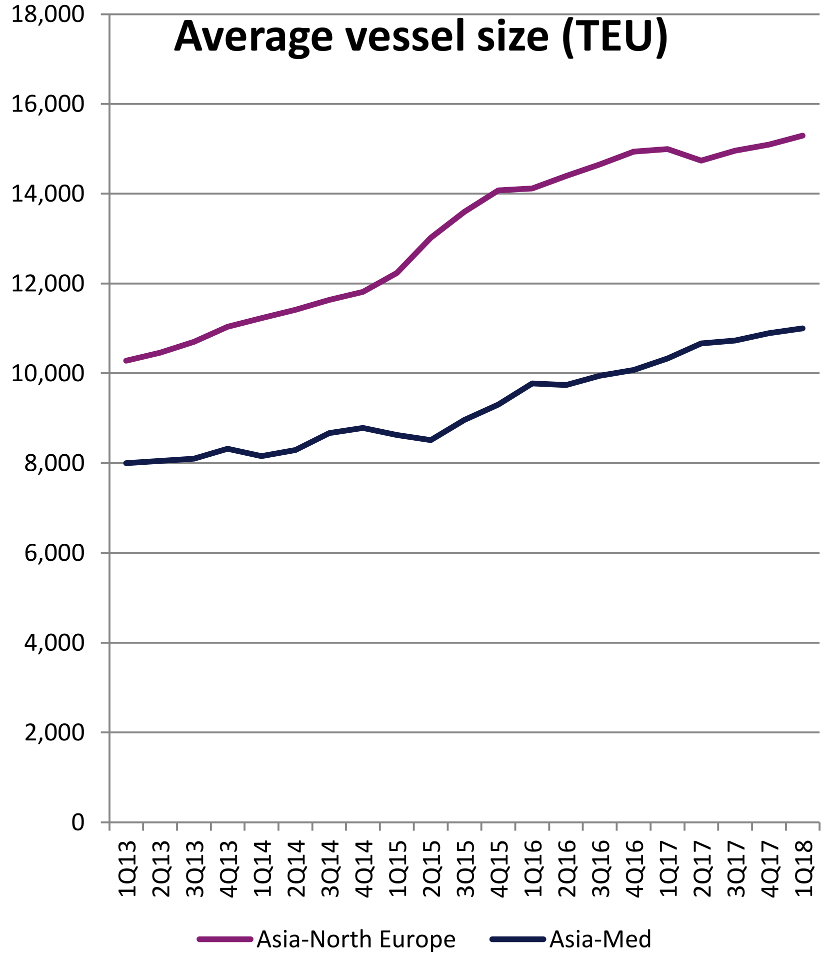
Major industry consolidation among companies and alliances

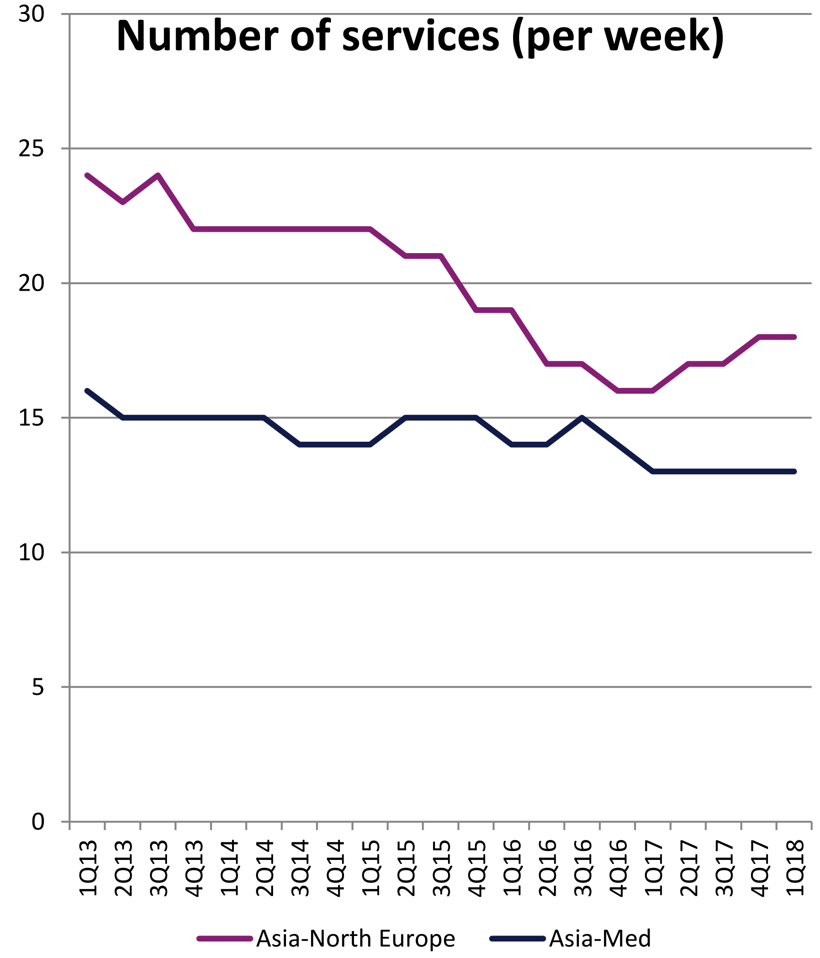




Vessel sizes and service frequency

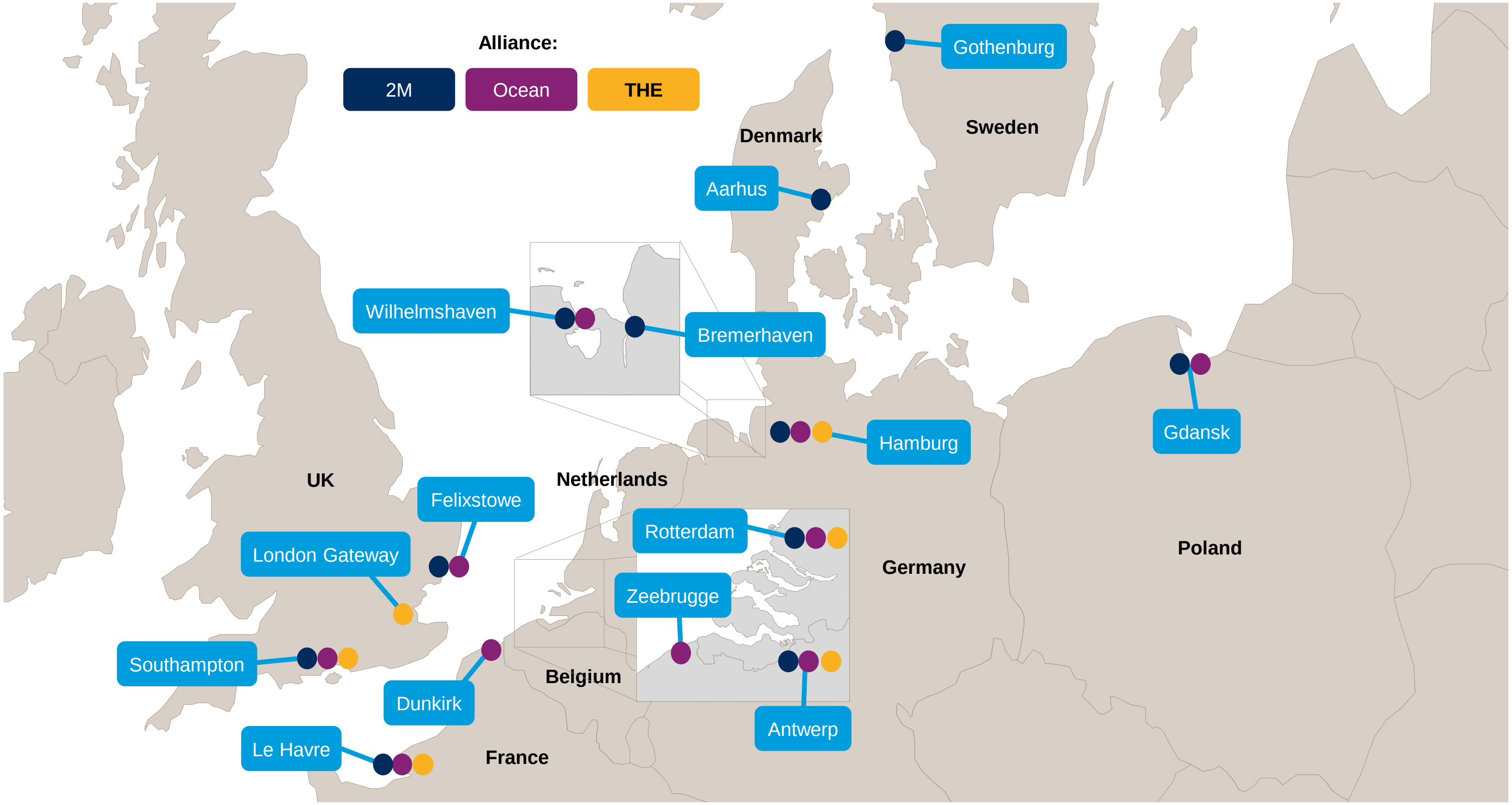
Vessel sizes rise and service frequency declines. Volume is being concentrated…





Port coverage: Asia – North Europe

…but extended port coverage is being maintained…



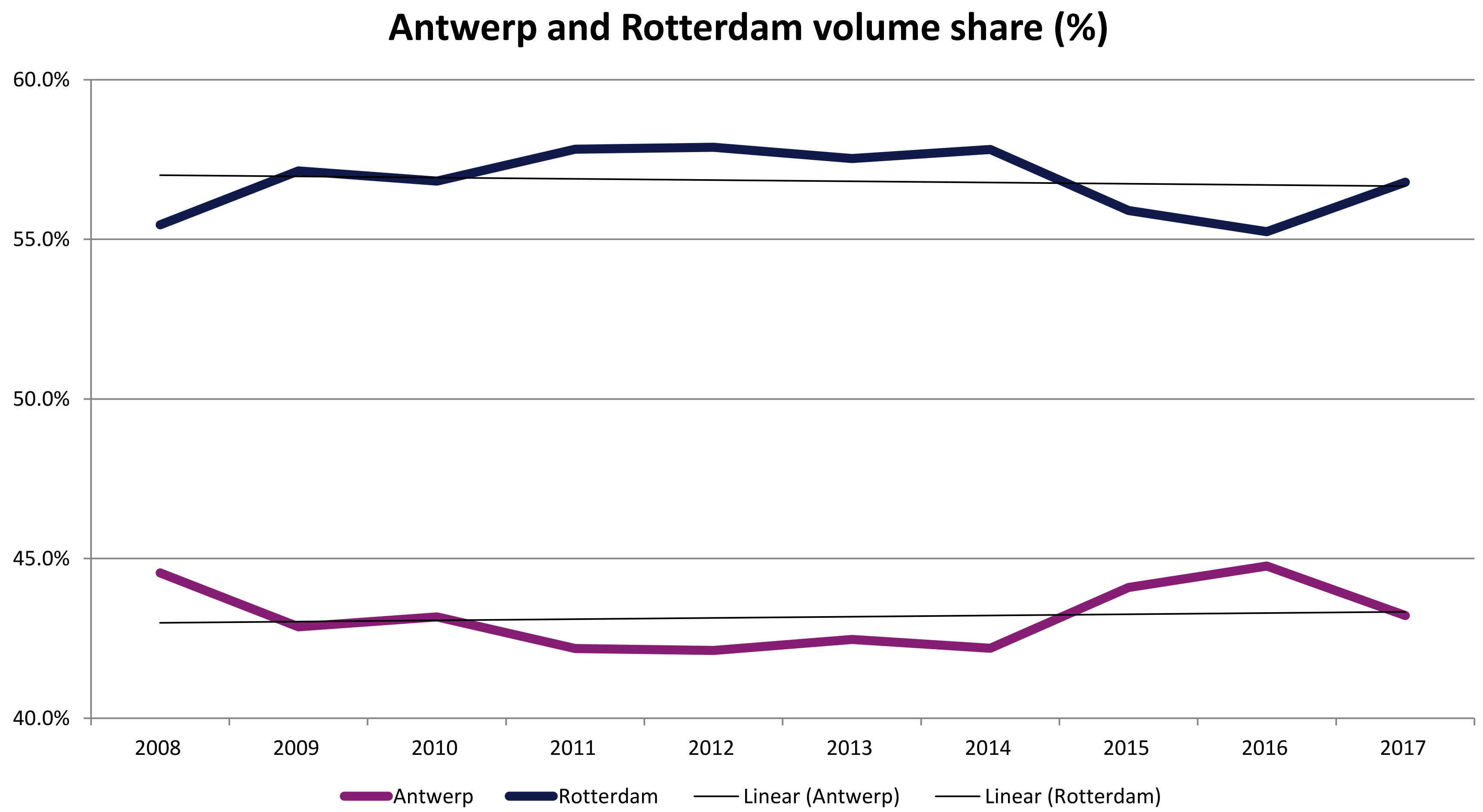
Direct calls: Asia – North Europe

…with direct calls; received wisdom about large vessels = transhipment was wrong

	5	6	7	8	9	10	11	12	13	14	15	16	17	18
2M								AE10 AE2	AE1 AE7		AE5 AE6			
Ocean					FAL5 FAL6	FAL2			FAL3	FAL7	FAL1			
THE					FE4 FE5	FE1	FE3	FE2						

Volatility

Concentration of volume creates new risks



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