

# Merchant monthly contracting activity

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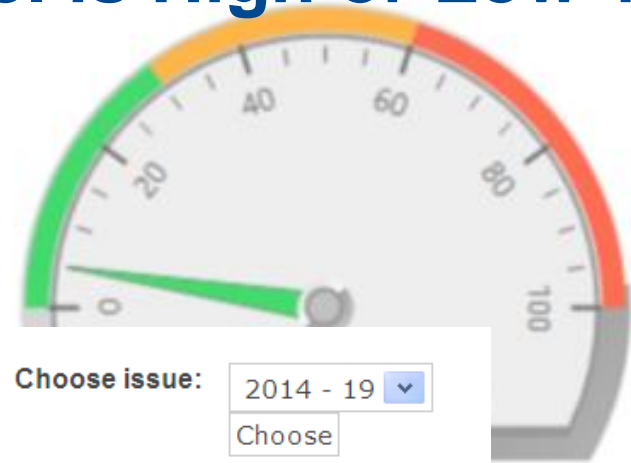
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# How can data inside IHS PC register indicate if the newbuilding activity level is High or Low ?



## Fearnleys Weekly

Choose issue:

- Tankers
- Dry bulk
- Gas
- Newbuilding
- Demolition
- Market brief

## NEWBUILDING

### GENERAL COMMENT

Reports from shipyards in the Far East tells us activity has come to a halt. Most of the newbuildings are options declared on yesterday's prices. Despite the slowdown in activity, prices remain at current levels on the back of strong order back-logs. Although every now and then a 2016 slot opens up, most yards are fully occupied into 2017, putting them in a comfortable position price wise. However, if the low activity continues, one would expect a price correction.

### ACTIVITY LEVEL

Tankers	Dry Bulkers	Others
Low	Low	Low



- Merchant monthly
  - Loyds List “lowest ever”
  - New vessels added into the IHS register
  - Monthly contracting previous month
  - Monthly contracting as per today
  - Comparison with Clarkson register
  - Comparison with clarksea index
  - External surveys
- Summary - Challenges



## Shipbuilding

# Shipyards report lowest volumes ordered since 1999

ERIC VAN DEN BERG

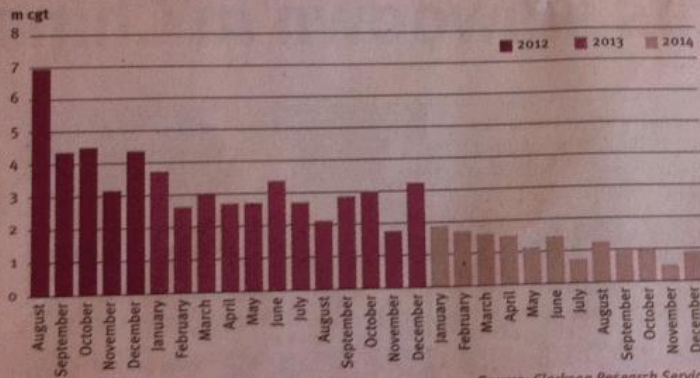
WITH only 75 ships ordered worldwide last month, 2012 is shaping up to be the worst year for shipyards in more than a decade.

According to Clarkson Research Services' World Shipyard Monitor report, published yesterday, only 507 vessels have been ordered in the first seven months of the year, the lowest number for that time frame since 1999.

The situation would be even worse if it had not been for relatively strong demand from the offshore market, which accounted for more than a third of all orders placed this year in terms of vessels.

Because relatively expensive offshore vessels made up such a large part of shipyards' business this year, the yards have been making more money than the bleak contracting figures would suggest.

VESSEL DELIVERY SCHEDULE



Source: Clarkson Research Services

Total spend, according to Clarkson's figures, amounted to \$35.7bn until the end of July. Although shipyards have seen better days, this represents an average investment of \$70.4m per vessel ordered.

Unsurprisingly, the offshore industry accounted for nearly half of all money spent.

Not all yards shared equally in the offshore bonanza, however. Of all orders placed at South Korean

shipyards in 2012, 40% were for relatively lucrative offshore contracts and another 28% for gas carriers, also choice business for shipbuilders.

Chinese yards, however, depended on traditional sectors for virtually all their new orders. Bulk vessels accounted for 63% of new business this year, with tankers and containerships accounting for a further 13% and 14%.

As a result, South Korean yards saw nearly the same amount of money come their way – nearly \$9bn so far this year – even though only 140 ships were ordered here, compared to 210 in China.

These developments bode poorly for the Chinese shipbuilding industry, particularly smaller shipyards, most of whose orderbooks are much smaller than their maximum annual production capacity.

While the low levels of contracting are good news for shipowners

operating in an overtonnaged market, the delivery schedule shows there will be little respite in the coming months.

According to Clarksons, this year will break records in terms of vessel deliveries, with 169.4m dwt scheduled to hit the water, up from 162.5m dwt the year before.

Chinese shipyards broke their monthly delivery record in June, new calculations by Clarksons show.

According to the shipbroker, Chinese shipbuilders finished 204 ships that month, representing 11.1m dwt.

The record output was caused by a rush to pre-empt the IMO's performance standard for protective coatings, which came into effect on July 1 and requires expensive coating of a ship's ballast tanks.

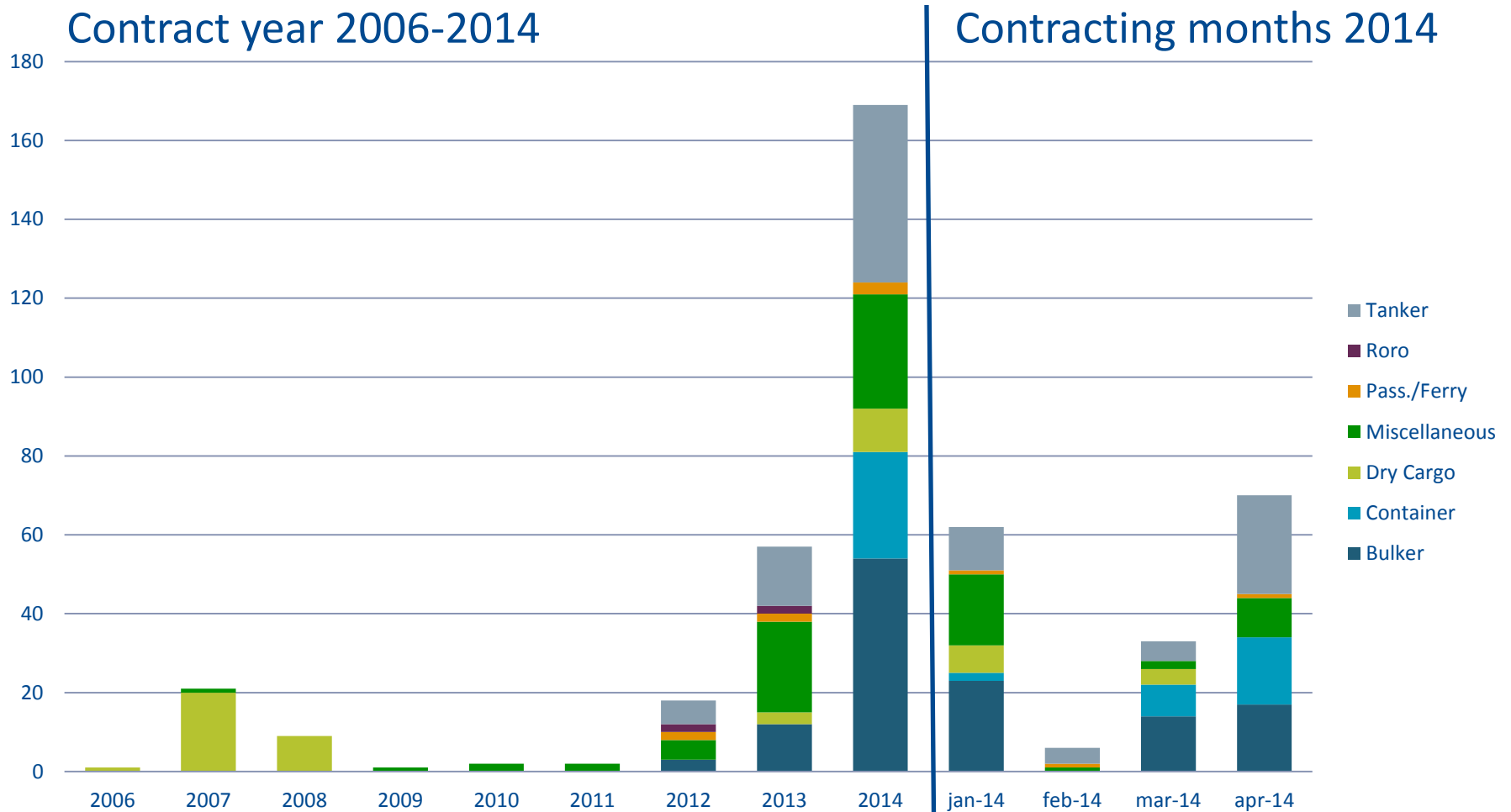
Next year will be only marginally better, with 113.5m dwt of tonnage under construction for 2013 delivery.

[www.loydslist.com/markets](http://www.loydslist.com/markets)



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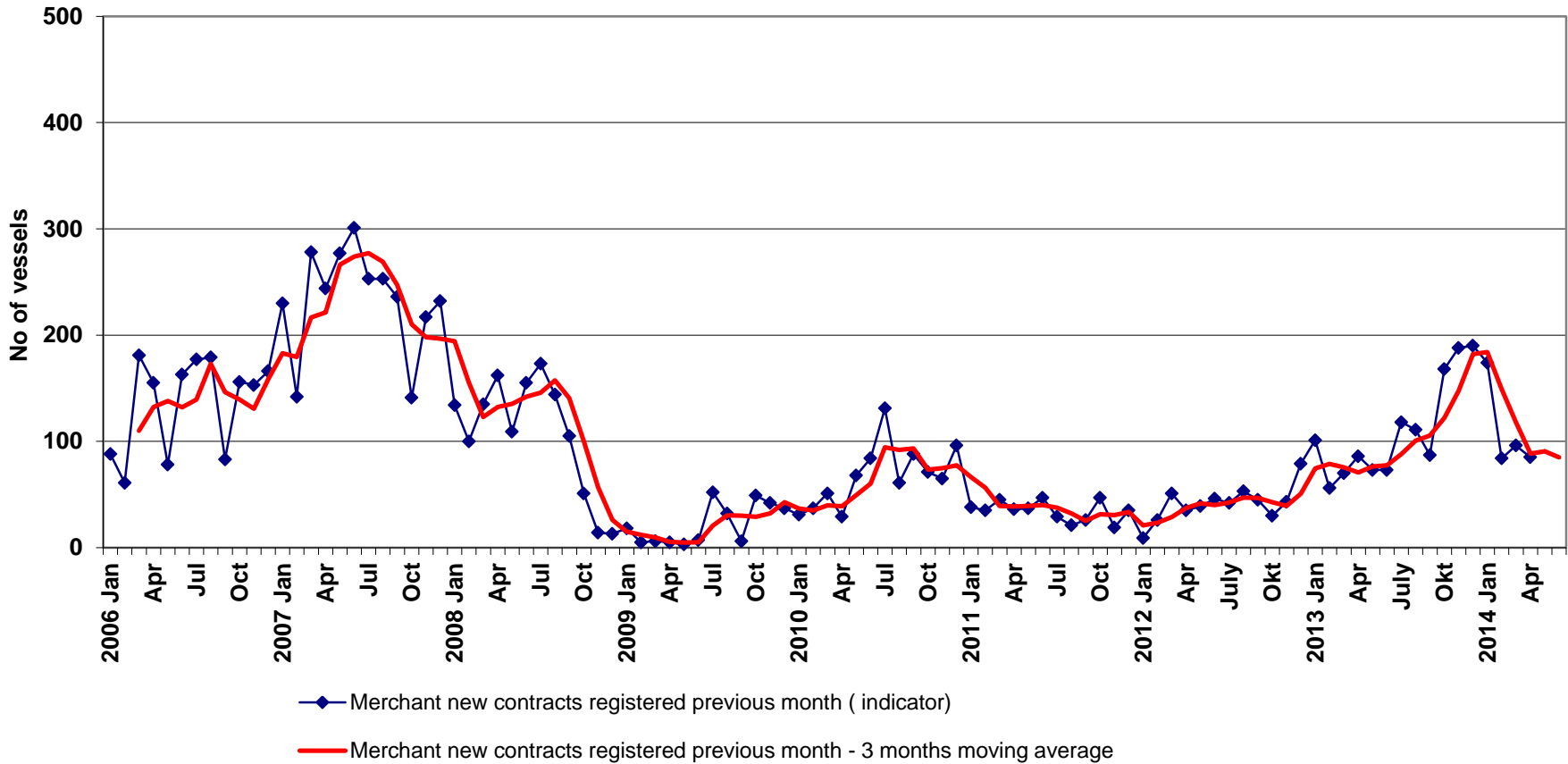
# New vessels added last month in IHS May ver. 5



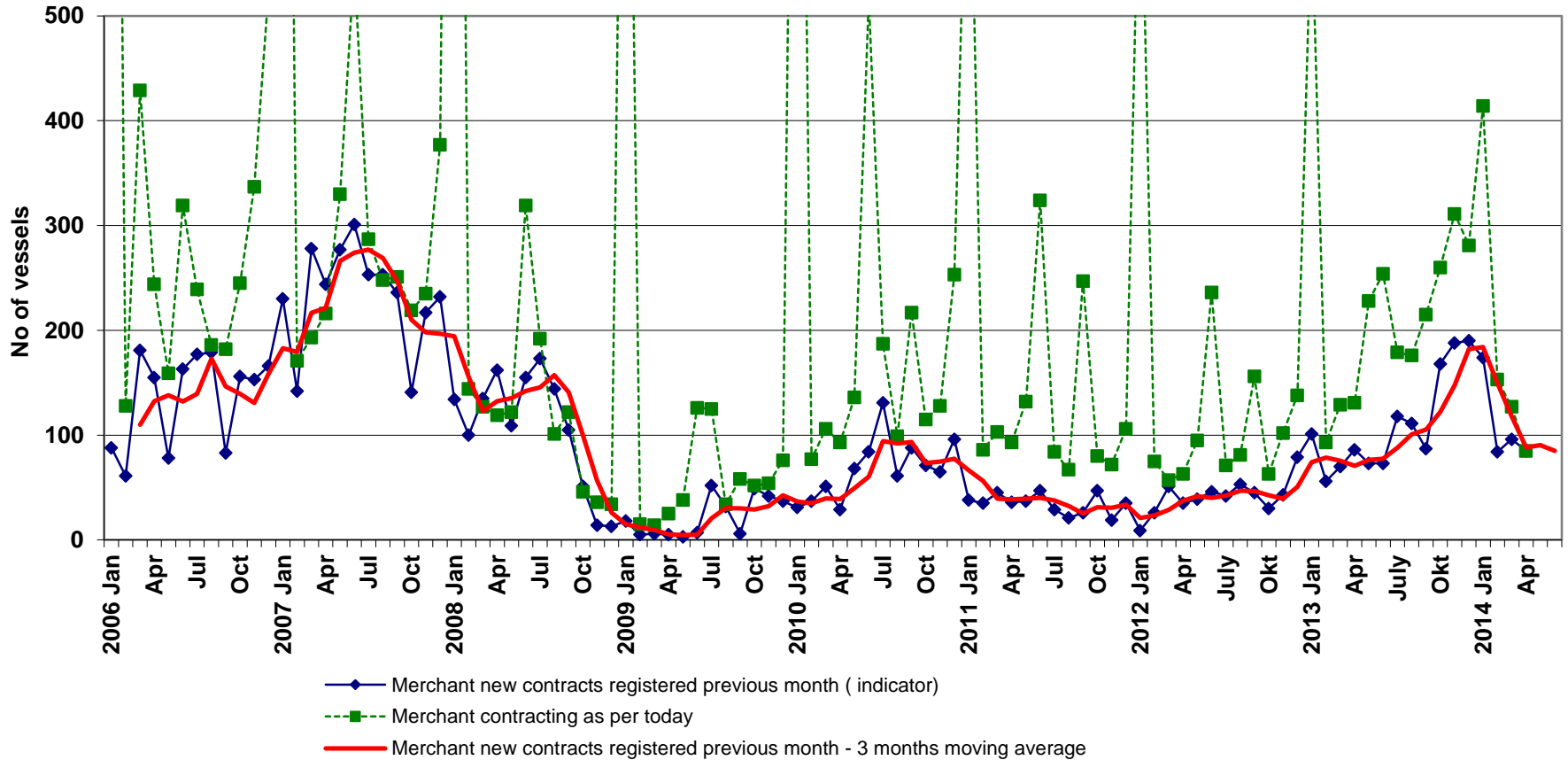
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# Merchant monthly contractig activity ( IHS)

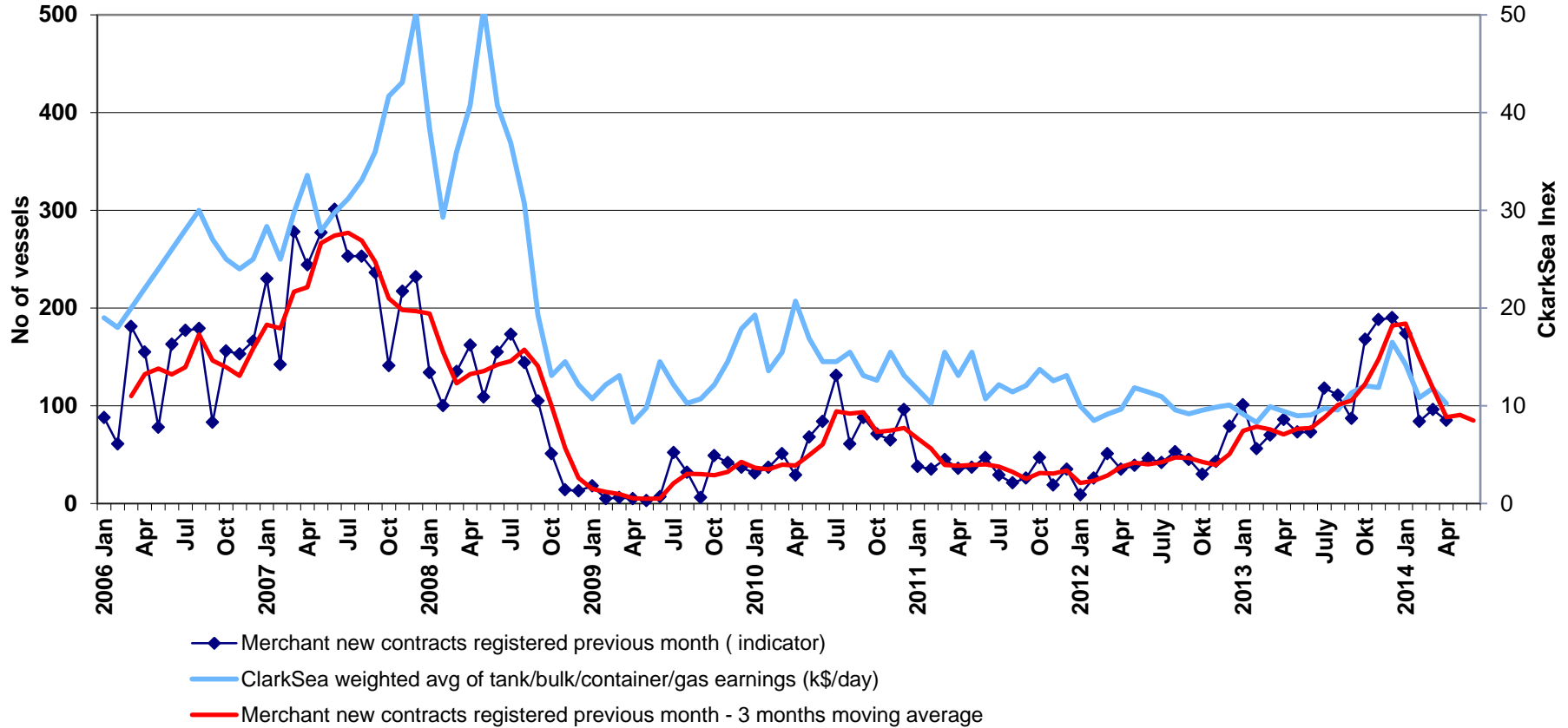
Merchant new contracts registered previous month ( indicator)



# Merchant monthly contractig activity ( IHS) incl todays !



# Monthly contractig IHS vs ClarkSea Index

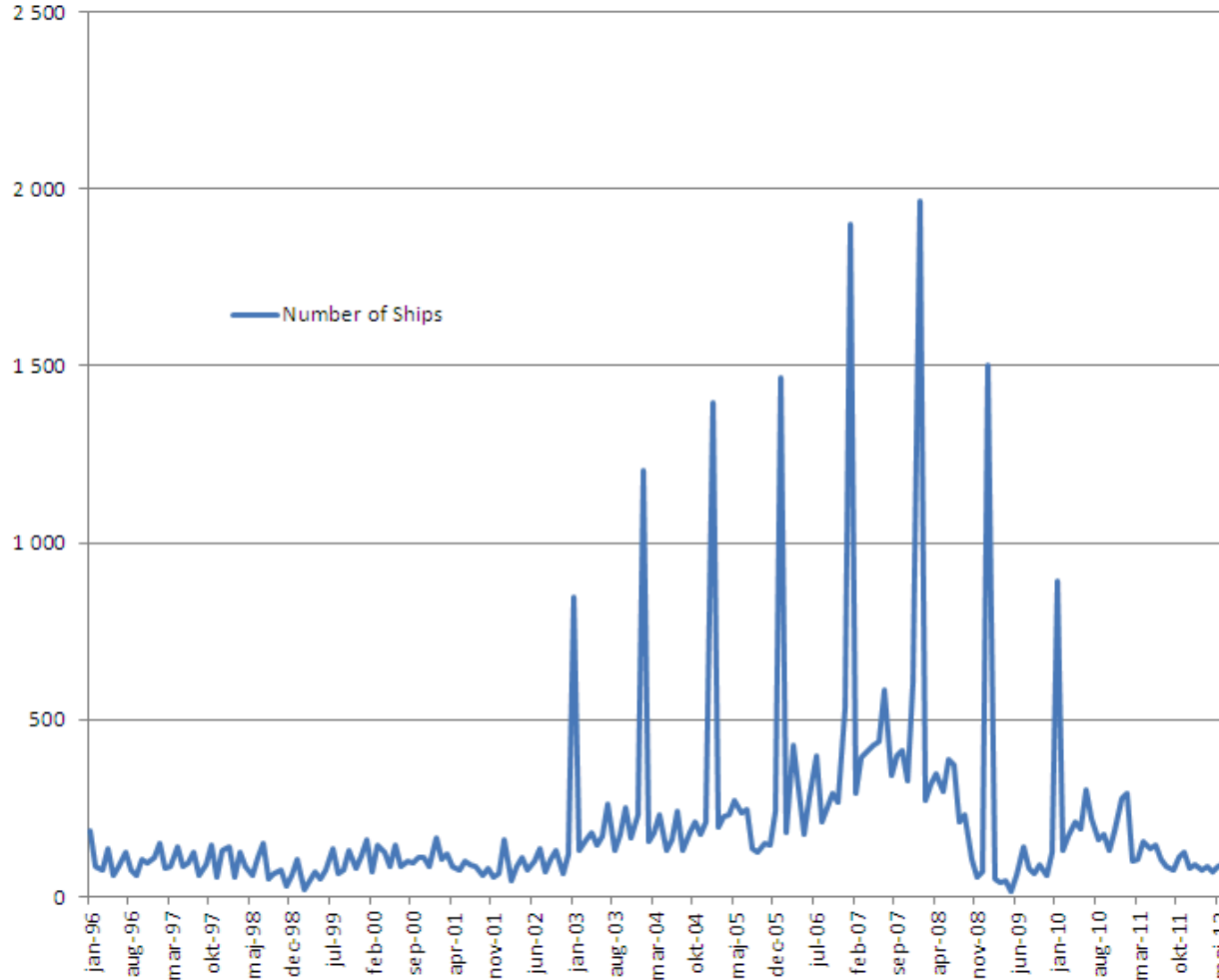




# Clarkson World Fleet Register

## Montly vessel contracting

Source: Clarkson Research Services Limited (World Fleet Register)



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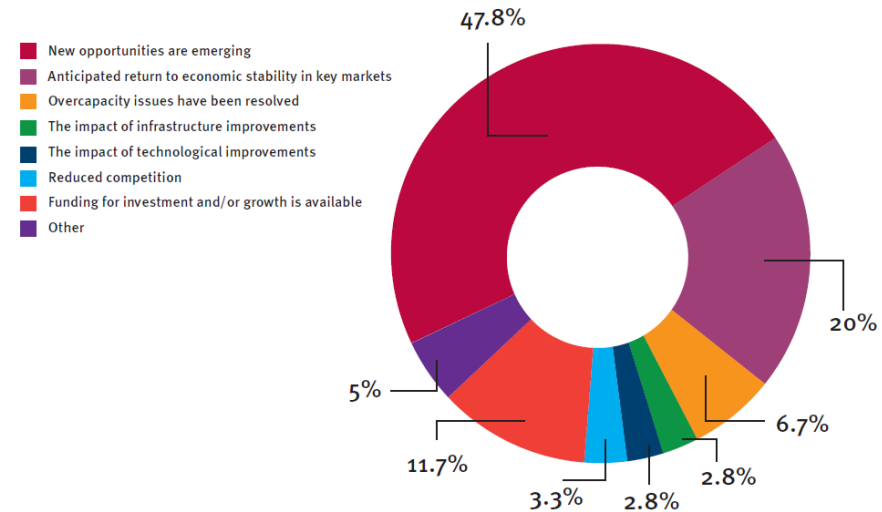
# External surveys

- Overall confidence levels in the shipping industry rose to their highest level for almost six years in the 3-month period to Feb 2014, acc Moore Stephens Confidence Survey.
  - Freight rates look set to improve or maintain existing levels over the next 12 months, while an increase in private equity funding is expected to have a major impact on the industry.
  - Quarterly March 2014 Survey including 386 respondents the shipping industry, short term view 12 months.
  
- "Brightening prospects for shipping" acc to Norton Rose Fulbright survey:
  - Shipping concerns are feeling increasingly optimistic about their prospects, despite the continuing impact of the protracted downturn.
  - Shipping companies are expecting increased resort to private equity and the capital markets as the primary source of funds, with reliance on shareholder equity and bank debt witnessing a corresponding decline in recent years.
  - Annual Feb 2014 Survey including 260 respondents in the shipping industry, short term view 12-24 months.

Moore Stephens shipping confidence index  
Average confidence



Norton Rose Fulbright survey result



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# Summary



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